State of North Dakota

Comprehensive Annual Financial Report

For the Fiscal Year Ended June 30, 2016

STATE OF NORTH DAKOTA

Comprehensive Annual Financial Report

FOR THE FISCAL YEAR ENDED

June 30, 2016

Prepared by the Office of Management and Budget

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Office of Management and Budget
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This CAFR is also available at our Fiscal Management website: http://www.nd.gov/fiscal/cafr/

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FOR THE FISCAL YEAR ENDED JUNE 30, 2016
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Introductory Section

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State of North Dakota
OFFICE OF MANAGEMENT AND BUDGET
600 East Boulevard Avenue, Dept. 110 ● Bismarck, North Dakota 58505-0400
FAX – 701.328.3230

December 15, 2016

To the Governor, Legislators and Citizens of the State of North Dakota:

In accordance with North Dakota Century Code (NDCC) section 54-44-04(14), we are pleased to submit the Comprehensive Annual Financial Report (CAFR) of the State of North Dakota for the fiscal year ended June 30, 2016. This report has been prepared by the Office of Management and Budget. The financial statements contained in the CAFR have been prepared in accordance with generally accepted accounting principles (GAAP) applicable to state and local governments, as promulgated by the Governmental Accounting Standards Board (GASB). Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the state's management. To the best of our knowledge and belief, the information contained in the CAFR is accurate in all material respects and reported in a manner that presents fairly the financial position and results of operations of the State's primary government and the component units for which it is financially accountable. All disclosures necessary to enable the reader to gain an understanding of the State of North Dakota's financial affairs have been included.

The state's management is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the government are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the costs of a control should not exceed the benefits likely to be derived and (2) the valuation of costs and benefits requires estimates and judgments by management.

In compliance with state statute, the Office of the State Auditor (SAO) audited the State's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2016 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and evaluating the overall financial statement presentation. Their examination was conducted in accordance with GAAP and the standards applicable to financial audits contained in *Government Auditing Standards* as published by the Comptroller General of the United States. The SAO concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the State's financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report

The State of North Dakota is also required to undergo a single audit in conformity with the provision of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Information related to this single audit, including a schedule of expenditures of federal awards, the independent auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs, are included in a separately issued biennial single audit report.

Management's Discussion and Analysis (MD&A) immediately follows the Independent Auditor's Report and provides a narrative introduction, overview and analysis of the basic financial statements. This letter of transmittal is intended to complement MD&A and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

The State of North Dakota provides for a full range of services, including education, health and social services, highway maintenance and construction, law enforcement, judicial, public safety, business regulation, community and economic development, and natural resource development. The State's reporting entity reflected in the CAFR includes all the funds of the state as legally defined, as well as all of its component units in conformity with the requirements of GASB Statement No. 14. Statement No. 14 provides that the financial statements should emphasize the primary government and permit financial statement users to distinguish between the primary government and its component units. Consequently, the transmittal letter, MD&A, and the financial statements focus on the primary government and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position. The State's reporting entity is described more fully in Note 1A to the basic financial statements.

The State operates through a biennial appropriation, which represents agency appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The budget is legally required to be adopted through passage of appropriation bills by the Legislative Assembly and signed by the governor. The governor has line item veto powers over all appropriations subject to legislative override. Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative, allotment, or referendum action.

The State does not budget by fund nor does it formally budget revenues. The legal level of budgetary control is at the agency, appropriation authority and expenditure line item level. The State's budgetary policies and procedures are further explained in Note 1D on the notes to the basic financial statements.

LOCAL ECONOMY

Although North Dakota's economy is increasingly diversified, the agricultural industry continues to play a key role in the state's economy. The USDA's National Agricultural Statistics Service reports that for 2015 crop production, North Dakota is the nation's leading producer of durum wheat, spring wheat, canola, flaxseed, dry edible beans, and honey.

The energy industry plays an important role in the state's economy. The development of wind and coal resources, the production of ethanol and bio-diesel, and oil and natural gas extraction all contribute to the state's economy. North Dakota continued to produce about one million barrels of oil per day in 2016. North Dakota's current crude oil production ranks second in the nation, behind first-ranked Texas. Low oil prices have resulted in lower state and local tax revenues. In October 2016, the actual average price per barrel for North Dakota crude oil was $43.01, up slightly from the anticipated price.

As North Dakota's economy attracts workers to the state, the state's population continues to grow, and based on the 2010 census, has reached a level not seen since the 1930's. The influx of people, along with a large state investment in infrastructure, has helped to fuel the construction industry in North Dakota. Construction accounts for over 7 percent of employment in the state, compared to around 4 percent for the U.S. Manufacturing is also a prominent player in the state's economy, accounting for nearly 6 percent of employment; mining, which includes oil extraction and production, provides jobs for another 6 percent of the state's workforce, compared to less than 1 percent nationally.

Oil and gas make up more than 33 percent of the state's exports. Other major exports are machinery and transportation equipment, agriculture products, chemicals, and coal. In 2015, exports totaled slightly more than $7 billion.

A listing of the state's 20 largest employers demonstrates the diversity of the economy. Top employers include: the U.S. military, the state university system, health care providers, manufacturers, financial and insurance companies, information technology companies, energy producers, and retail companies.

LONG-TERM FINANCIAL PLANNING

The long-term financial plan of the state was summarized by Governor Dalrymple in his 2015 budget address to the legislature. The Governor's financial plan for the state encompasses three main objectives:

- To fund priorities such as education, human services, and infrastructure development;
- Maintain significant financial reserves; and
- Provide tax relief.

For the 2015-17 biennium, the legislature approved a budget that increased general fund appropriations for elementary and secondary education by 6 percent and human services by 14 percent.

By the end of the 2015-17 biennium, reserves are anticipated to total over $1 billion. Reserves include the budget stabilization fund, strategic investment and improvements fund, foundation aid stabilization fund, and tax relief fund ending balance. In addition, the legacy fund is projected to have a balance of $4.24 billion. The legacy fund was established by the voters in November 2010 as a "savings account" to save a portion of oil tax revenues. The legacy fund will accumulate 30 percent of the state's share of oil tax revenue. Through a constitutional limitation, moneys in the fund cannot be spent until July 1, 2017. After that time, oil tax collections will continue to add to the principal of the fund and interest will accrue to the state general fund. Beginning July 1, 2017, up to 15 percent of the principal of the fund can be spent each biennium, but only with the approval of two-thirds majority of both the house and senate.

As recommended by the Governor, the legislature provided reductions in tax rates for individuals and corporations.

Revenue forecasting that is accurate, conservative, and credible is a critical component of the state's financial planning process. The state utilizes a Revenue Forecasting Advisory Committee, comprised of representatives of the major industries in the state and the legislative and executive branches of government, along with the expertise of a national economic forecasting consultant. With the assistance of these experts, the state's Tax Department and Office of Management and Budget develop a revenue forecast for use in the budgeting process.

The budgeting process begins with the development of a biennial budget proposal reflecting the Governor's priorities for the next two years. The budget is submitted to the legislature for their consideration and eventual enactment. With a biennial budget cycle, each revenue forecast and budget proposal provides a three-year plan for the revenues and expenditures of state government.

RELEVANT FINANCIAL POLICIES

North Dakota's financial policies ensure that in the event of an economic downturn, North Dakota state government will be able to continue to provide its citizens with necessary services. Should North Dakota experience a revenue shortfall of 2.5 percent or more, the state is able to access funds from the budget stabilization fund. The statutory limit for the budget stabilization fund for the 2015-17 biennium was $572 million, which is 9.5 percent of the state general fund budget.

North Dakota did experience a significant revenue shortfall during the 2015-17 biennium due to decreases in oil and agriculture prices, and has committed to transferring the entire amount of the budget stabilization fund to the general fund prior to June 30, 2017.

In addition to accessing the budget stabilization fund, in the event of an economic downturn the Governor is able to reduce general fund expenditure authority uniformly across state agencies through a process known as allotment. In the event of such a general fund expenditure reduction, the foundation aid stabilization fund was established to protect the state education aid program. Dollars from this fund would replace the amount of general fund dollars cut, thus K-12 education would not experience a reduction in funding. Funding for the foundation aid stabilization fund comes from a portion of oil extraction tax collections. The foundation aid stabilization fund is expected to have a June 30, 2017 balance in excess of $300 million.

Governor Dalrymple did implement a general fund allotment of 4.05 percent during fiscal year 2016. The budget stabilization fund was used to replace $71.7 million of general funds in K-12 education. As a result K-12 did not experience a reduction in overall funding.

Oil tax collections are split between state government and local political subdivisions. The state has recognized that while tax collections from oil contribute significantly to the state, the volatility of oil price and production levels make it difficult to rely on oil tax revenue to fund general government operations. Consequently, the general fund portion is limited to no more than $300 million per biennium.

MAJOR INITIATIVES

Major initiatives proposed by Governor Jack Dalrymple and approved by the legislature for the 2015-17 biennium include:

- Investing in infrastructure and in other priorities;
- Continuing to build the state's reserves; and
- Providing North Dakota's citizens with substantial tax relief.

INFRASTRUCTURE INVESTMENTS

The 2015-17 biennial budget includes funding to rebuild and repair roads throughout the state, and provides increased oil tax distributions and impact grants to counties and cities to fund a variety of local infrastructure projects. General Fund appropriations were subject to a 6.55 percent allotment. Funding for water projects was reduced due to low oil prices and production. Funding for infrastructure improvements, as adjusted for allotments and low oil price and production, includes:

- $941.1 million to rebuild and repair state highways in the west region of the state;
- $240 million for county road projects within the 17 oil and gas producing counties in western North Dakota;
- $241 million dedicated to the repair and rebuilding of county and township roads outside the state's oil and gas region;
- $140 million in grant funds to help communities in oil country offset direct impacts created by the rapidly developing energy industry; and
- $565 million for water-related projects, including the Grand Forks water treatment plant, Fargo flood control, Stutsman County water reuse facility, Northwest Area Water Supply, Red River Valley Water Supply, Southwest Pipeline Project, Western Area Water Supply, Weather Modification, and other water programs.

TAX RELIEF

The legislature approved, and the Governor signed into law, a tax relief package that provides:

- individual and corporate income tax rate reductions resulting in taxpayer savings of approximately $138 million during the 2015-17 biennium;
- state-paid property tax credit of 12 percent, providing property tax relief in the amount of $250 million; and
- $20 million for the homestead tax credit program; and
- $7.7 million for the disabled veteran's property tax credit.

EDUCATION

K-12 education initiatives include:

- $1.91 billion in state funding for K-12 schools through integrated funding formula;
- $12.5 million in grants to districts experiencing rapid enrollment growth;
- $57 million to assist districts in the provision of transportation services; and
- Over $23 million for grants to support and expand career and technical education course offerings.

Higher Education initiatives include:

- $166 million for capital projects and extraordinary repairs at the 11 campuses;
- $14 million to sustain the career and technical education and academic scholarship program; and
- $23 million for the North Dakota Higher Education Challenge matching grant fund, to encourage philanthropy by providing a state match for private contributions to the state's colleges and universities.
- $3 million to enhance campus safety and security.

RESERVES

It is anticipated that by June 30, 2017, there will be a total ending balance of approximately $1 billion in the budget stabilization fund, foundation aid stabilization fund, strategic investment and improvements fund, and tax relief fund. The general fund budget for the 2015-17 biennium has been adjusted downward to $5.65 billion.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of North Dakota for its comprehensive annual financial report for the fiscal year ended June 30, 2015. This was the 24th consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the State of North Dakota received the GFOA's Award for Distinguished Budget Presentation for its 2013-2015 budget. In order to qualify for the Distinguished Budget Presentation Award, the State's budget document was judged to be proficient in several categories, including policy documentation, financial planning, and organization.

This report was prepared by staff members of the Fiscal Management Division of the Office of Management and Budget. Their dedication and efforts are greatly appreciated. We also extend our gratitude to the numerous individuals from virtually all the state agencies and institutions, especially the Office of the State Auditor, for their assistance.

Sincerely,

Pam Sharp
Director

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Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

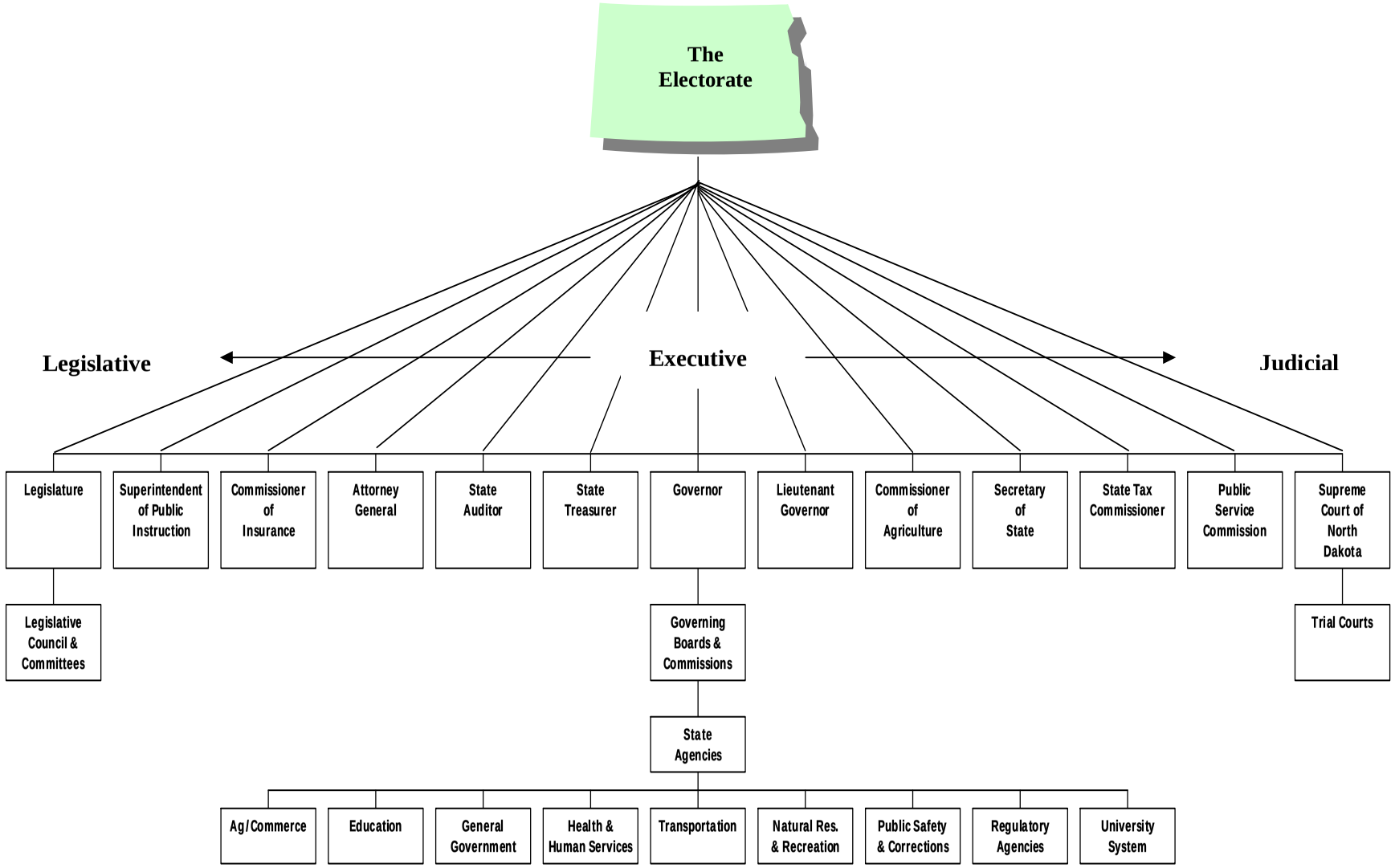
State of North Dakota

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2015

Executive Director/CEO

STATE OF NORTH DAKOTA ORGANIZATIONAL CHART



NORTH DAKOTA
PRINCIPAL STATE OFFICIALS
June 30, 2016

ELECTED OFFICIALS

Jack Dalrymple, Governor
Drew Wrigley, Lieutenant Governor
Alvin A. Jaeger, Secretary of State
Wayne Stenehjem, Attorney General
Julie Fedorchak, Public Service Commissioner
Randel Christmann, Public Service Commissioner
Brian Kalk, Public Service Commissioner
Doug Goehring, Commissioner of Agriculture
Robert R. Peterson, State Auditor
Adam Hamm, Commissioner of Insurance
Kirsten Baesler, Superintendent of Public Instruction
Ryan Rauschenberger, Tax Commissioner
Kelly Schmidt, State Treasurer

LEGISLATIVE

Wesley R. Belter, Speaker of the House
Al Carlson, House Majority Leader
Kenton Onstad, House Minority Leader
Lt. Gov. Drew Wrigley, President of the Senate
Rich Warnder, Senate Majority Leader
Mac Schneider, Senate Minority Leader

JUDICIAL

Gerald W. VandeWalle, Chief Justice, North Dakota Supreme Court
Dale V. Sandstrom, Justice
Carol Ronning Kapsner, Justice
Daniel J. Crothers, Justice
Lisa K Fair McEvers, Justice

Financial Section

STATE AUDITOR
ROBERT R. PETERSON

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STATE OF NORTH DAKOTA
OFFICE OF THE STATE AUDITOR
STATE CAPITOL
600 E. BOULEVARD AVENUE - DEPT. 117
BISMARCK, NORTH DAKOTA 58505

Independent Auditor's Report

The Honorable Doug Burgum, Governor
of the State of North Dakota

Members of the Legislative Assembly
of the State of North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the State's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the following state entities and discretely presented component units:

- Addiction Counselor Internship Loan Program
- Bank of North Dakota
- Beginning Farmer Revolving Loan Fund
- Building Authority
- College SAVE
- Community Water Facility Loan Fund
- Department of Trust Lands
- Guaranteed Student Loan Program
- Housing Finance Agency
- Housing Incentive Fund
- Infrastructure Revolving Loan Fund
- Job Service North Dakota
- Mandan Remediation Trust
- Medical Facility Infrastructure Loan Program
- PACE and AG PACE Funds
- Public Employees Retirement System
- Rebuilders Loan Program
- Retirement and Investment Office
- State Fair Association
- Student Loan Trust
- Workforce Safety and Insurance
- All Discretely Presented Component Units

The financial statements of the above entities reflect total assets, net position or fund balance, and revenues of the government-wide financial statements and fund financial statements as follows:

	Percent of Assets	Percent of Net Position or Fund Balance	Percent of Revenues
Government-Wide Financial Statements			
Governmental Activities	26%	27%	6%
Business-Type Activities	83%	54%	52%
Aggregate Discretely Presented Component Units	100%	100%	100%
Fund Financial Statements			
Major Governmental Funds			
General Fund	3%	3%	1%
Federal Fund	1%	0%	0%
State Special Revenue Fund	58%	62%	21%
Major Enterprise Funds			
Bank of North Dakota	100%	100%	100%
Housing Finance Agency	100%	100%	100%
University System	0%	0%	0%
Workforce Safety and Insurance	100%	100%	100%
Aggregate Remaining Fund Statements	93%	96%	72%

The financial statements for these entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for these entities, is based solely on the reports of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the North Dakota University System's discretely presented component units were not audited in accordance with *Government Auditing Standards.*

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of North Dakota, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Notes 2 and 20 to the financial statements, the State of North Dakota adopted the provisions of GASB 72 *Fair Value Measurement and Application* and GASB 76 *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. Our opinion is not modified with respect to this matter.

As discussed in Note 2 to the financial statements, the 2016 financial statements have been restated to correct misstatements. Our opinion is not modified with respect this matter.

As discussed in Note 17 to the basic financial statements, the Bank of North Dakota elected to present an unclassified statement of net position because current assets are not matched with current liabilities. Presentation of a classified statement of net position would give the false impression that there is a liquidity problem at the bank. Presentation of a classified statement of net position for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedules and related reconciliations and notes, and information about the state of North Dakota's pension plans, as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of North Dakota's basic financial statements. The combining and individual fund financial statements listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules listed in the table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016 on our consideration of the State of North Dakota's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the State of North Dakota's internal control over financial reporting and compliance.

Robert R. Peterson
State Auditor

Edwin J. Nagel, Jr., CPA
Director

Bismarck, North Dakota

December 15, 2016

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the State of North Dakota's (the State's) Comprehensive Annual Financial Report presents a discussion and analysis of the State's financial performance, providing an overview of the activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the transmittal letter at the front of this report and with the State's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

Government-wide:
Total assets and deferred outflows of resources of the State exceeded its liabilities and deferred inflows of resources at fiscal year-end by $19.5 billion (reported as net position), a decrease of $104 million from the previous year. The net position of governmental activities decreased by 2.2% while the net position of the business-type activities showed an increase of 8.7%.

As a result of implementing GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the State recorded $32.9 million net pension asset, $65 million deferred outflows of resources, $388 million net pension liability, and $54 million deferred inflows of resources for the primary government.

Fund Level:
As of the close of fiscal year 2016 the State's governmental funds reported combined ending fund balances of $12.2 billion, a decrease of $1.1 billion. Of this amount, $4.1 billion is non-spendable, primarily for legal requirements. Spendable fund balance consists of $6 billion restricted for specific purposes such as Common Schools and transportation, $1.6 billion committed and $80 million assigned for specific functional expenditures such as education and general government, with the unassigned fund balance making up the remaining amount of $418 million. At the end of the fiscal year, unassigned fund balance for the General Fund was $421.7 million.

The enterprise funds reported net position at year-end of $3.2 billion, an increase of $257 million during the year.

Long-term Debt:
The State's total debt (bonds and notes payable) increased approximately 9.8% during the fiscal year to $1.86 billion, an increase of $165 million, which represents the net difference between new issuances and payments. During the year the State issued $307 million in bonds and $615 million in notes.

More detailed information regarding these activities and funds is included in Note 3L.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is an introduction to the State's basic financial statements, which consists of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Statements

The government-wide financial statements provide a broad view of the State's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the State's financial position, which assists in assessing the State's economic condition at the end of the fiscal year. These statements include all non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting. The current year's revenues and expenses are taken into account regardless of when cash is received or paid.

The Statement of Net Position presents all of the State's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as "net position". Over

time, increases and decreases in net position is an indicator of whether the State's financial position is improving or deteriorating.

The Statement of Activities presents information showing how the State's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both statements report three activities:

Governmental Activities – The activities in this section are primarily supported by taxes and intergovernmental revenue. Most of the State's basic services, such as education, health and human services and transportation, are reported under this category.

Business-type Activities – These functions are intended to recover all or a significant portion of their costs through user fees and charges to external users of goods and services. The Bank of North Dakota, Housing Finance Agency and the University System are examples of the State's business-type activities.

Discretely Presented Component Units – These are operations for which the State has financial accountability but they have certain independent qualities as well. These entities operate similar to private-sector business and the business-type activities described above. The State has 4 discretely presented component units. Financial information for these entities is presented separately from the financial information presented for the primary government.

The government-wide financial statements can be found immediately following this discussion and analysis.

Fund Financial Statements

A fund is a fiscal and accounting entity with a self-balancing set of accounts that the State uses to keep track of specific sources of funding and spending for a particular purpose. The State, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

The basic fund financial statements begin immediately after the government-wide statements and provide more detail about the major individual funds. The State's funds are divided into three categories – governmental, proprietary, and fiduciary. It is important to note that these fund categories use different accounting approaches and should be interpreted differently.

Governmental funds - Most of the State's basic services are reported in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental fund financial statements focus on the near-term inflows and outflows of spendable resources. They also focus on the balances left at year-end that are available for future spending. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between

governmental funds and the governmental activities. These reconciliations are presented on the page immediately following each governmental fund financial statement.

Governmental funds include the General Fund, special revenue, capital project, debt service, and permanent funds. The State has several governmental funds, of which three (3) are considered major individual funds. These three are the General Fund, the Federal Fund, and the State Special Revenue Fund. Each of these major funds is presented in a separate column in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance. The remaining governmental funds are combined in a single aggregated column on the basic fund statements. Individual fund data for each of these non-major governmental funds can be found in the other supplementary information section of this report.

Proprietary funds – Services for which the State charges customers a fee are generally reported in proprietary funds. The state maintains two different types of proprietary funds, enterprise funds and internal service funds. Enterprise funds report activities that provide supplies and services to the general public. Internal service funds report activities that provide supplies and services for the State's other programs and activities. Like the government-wide statements, proprietary funds use the accrual basis of accounting. Although the basis of accounting is the same for the government-wide and proprietary fund statements, reconciliation between these statements is presented because of the allocation of internal service funds' net income.

The State has four (4) major enterprise funds: The Bank of North Dakota, Housing Finance, University System, and Workforce Safety and Insurance. These four funds are each presented in separate columns on the basic proprietary fund financial statements. The remaining enterprise funds are combined in a single total column on these statements. Individual fund data for each of the non-major enterprise funds can be found in the other supplementary information section of this report.

The State's internal service funds are reported as governmental activities on the government-wide statements, because the services they provide predominantly benefit governmental activities. The State's four (4) internal service funds are reported on the basic proprietary fund financial statements in a single combined column. Individual fund data for the internal service funds is provided in the form of combining statements found elsewhere in this report.

Fiduciary funds - The State acts as a trustee, or fiduciary, for its employee pension plans. It is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position. These funds, which include pension (and other employee benefit) trust, investment trust, private-purpose trust, and agency funds, are reported using accrual accounting. The government-wide statements exclude fiduciary fund activities and balances because the State cannot use these assets to finance its operations.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and the fund financial statements. The notes to the financial statements can be found immediately following component units' financial statements.

Required Supplementary Information

The basic financial statements are followed by a section of required supplementary information. This section includes a budgetary comparison schedule, which includes reconciliation between the statutory fund balances for budgetary purposes and the fund balances for the General Fund, the State Special Revenue Fund and the Federal Fund as presented in the governmental fund financial statements. In addition, the required supplementary information includes up to ten years of information on the State's pension plans, including schedules on the employer proportionate share of the net pension liability, changes in the net pension liability, and employer contributions.

Other Supplementary Information

Other supplementary information includes combining financial statements for non-major governmental, non-major enterprise, internal service, and fiduciary funds. These funds are added together, by fund type, and presented in single columns in the basic financial statements.

FINANCIAL ANALYSIS OF THE GOVERNMENT AS A WHOLE

As noted previously, net position may serve over time as a useful indicator of a government's financial position. The State's combined net position (governmental and business-type activities) totaled $19.5 billion at the end of fiscal year 2016. Net position decreased $104 million from the prior fiscal year.

State of North Dakota's Net Position
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Current and Other Assets	$14,402,938	$13,410,558	$10,335,283	$10,686,657	$20,590,423	$20,593,797
Capital Assets	3,715,887	4,366,294	1,321,495	1,451,945	5,037,382	5,818,239
Total Assets	18,118,825	17,776,852	11,656,778	12,138,602	25,627,805	26,412,036
Deferred Outflows of Resources	41,803	47,243	32,194	34,228	73,997	81,473
Long-Term Liabilities Outstanding	190,154	128,810	2,789,412	3,097,323	2,979,565	3,226,133
Other Liabilities	1,218,230	1,326,204	5,931,527	5,842,789	3,001,959	3,665,577
Total Liabilities	1,408,384	1,455,014	8,720,939	8,940,112	5,981,524	6,891,710
Deferred Inflows of Resources	62,302	40,684	19,778	14,448	82,080	55,132
Net Position						
Invested in Capital Assets, Net of Related Debt	3,622,722	4,299,697	1,023,385	1,155,758	4,646,107	5,455,455
Restricted	6,254,674	6,246,873	485,012	533,665	6,739,686	6,780,538
Unrestricted	6,812,546	5,781,827	1,439,859	1,528,847	8,252,405	7,310,674
Total Net Position	$16,689,942	$16,328,397	$2,948,256	$3,218,270	$19,638,198	$19,546,667

The largest component (37%) of the State's net position is unrestricted net position. Unrestricted net position may be used at the State's discretion, but often have limitations on use based on State statutes. Restricted net position make up thirty-five percent (35%) of the state's net position. Restricted net position represents resources that are subject to external restrictions, constitutional provisions, or enabling legislation on how they can be used.

Twenty-seven percent (28%) of the State's net position reflects its investment in capital assets such as land, buildings, equipment, and infrastructure (roads, bridges and other immovable assets) less any related debt outstanding that was needed to acquire or construct the assets. The State uses these capital assets to provide services to citizens; consequentially, these assets are not available for future spending. Although the State's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The condensed financial information on the following page was derived from the government-wide Statement of Activities and reflects how the State's net position changed during the fiscal year:

State of North Dakota's Changes in Net Position
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015	2016	2015	2016
Revenues:						
Program Revenues:						
Charges for Services	$361,967	$359,427	$1,786,539	$1,860,031	$2,148,506	$2,219,458
Operating Grants & Contributions	1,888,798	1,755,540	312,136	298,603	2,200,934	2,054,143
Capital Grants & Contributions	1,388	3,416	36,923	29,609	38,311	33,025
General Revenues:						
Income Taxes	732,975	414,965	-	-	732,975	414,965
Sales Taxes	1,804,380	1,348,343	-	-	1,804,380	1,348,343
Other Taxes	2,827,444	1,556,657	-	-	2,827,444	1,556,657
Investment Earnings	117,643	64,347	-	-	117,643	64,347
Tobacco Settlement	21,790	22,777	-	-	21,790	22,777
Other	161,725	119,546	9,562	93	171,287	119,639
Total Revenues	7,918,110	5,645,018	2,145,160	2,188,336	10,063,270	7,833,354
Expenses						
General Government	1,171,208	1,055,378	-	-	1,171,208	1,055,378
Education	1,415,255	1,175,550	-	-	1,415,255	1,175,550
Health and Human Services	1,706,333	1,776,822	-	-	1,706,333	1,776,822
Regulatory	66,744	69,084	-	-	66,744	69,084
Public Safety and Corrections	249,291	227,618	-	-	249,291	227,618
Agriculture and Commerce	106,455	106,846	-	-	106,455	106,846
Natural Resources	236,079	321,992	-	-	236,079	321,992
Transportation	603,813	679,070	-	-	603,813	679,070
Interest on Long Term Debt	7,155	1,334	-	-	7,155	1,334
Bank of North Dakota	-	-	71,053	85,822	71,053	85,822
Housing Finance	-	-	37,511	40,246	37,511	40,246
Loan Programs	-	-	11,366	17,323	11,366	17,323
State Lottery	-	-	20,360	26,038	20,360	26,038
Unemployment Compensation	-	-	144,921	225,358	144,921	225,358
University System	-	-	1,170,159	1,211,439	1,170,159	1,211,439
Workforce Safety and Insurance	-	-	377,926	366,663	377,926	366,663
Other	-	-	549,799	569,432	549,799	569,432
Total Expenses	5,562,333	5,413,694	2,383,095	2,542,321	7,945,428	7,956,015
Increase (decrease) in Net Position Before Contributions, Loss & Transfers	2,355,777	231,324	(237,935)	(353,985)	2,117,842	(122,661)
Loss on Computer Project	-	(4,950)	-	-	-	(4,950)
Contributions to Permanent Fund Principal	16,382	15,638	-	-	16,382	15,638
Transfers	(542,713)	(603,557)	535,980	611,332	(6,733)	7,775
Increase (decrease) in Net Position	1,829,446	(361,545)	298,045	257,347	2,127,491	(104,198)
Net Position - Beginning -As Restated	14,860,496	16,689,942	2,650,211	2,960,923	17,510,707	19,650,865
Net Position- Ending	$16,689,942	$16,328,397	$2,948,256	$3,218,270	$19,638,198	$19,546,667

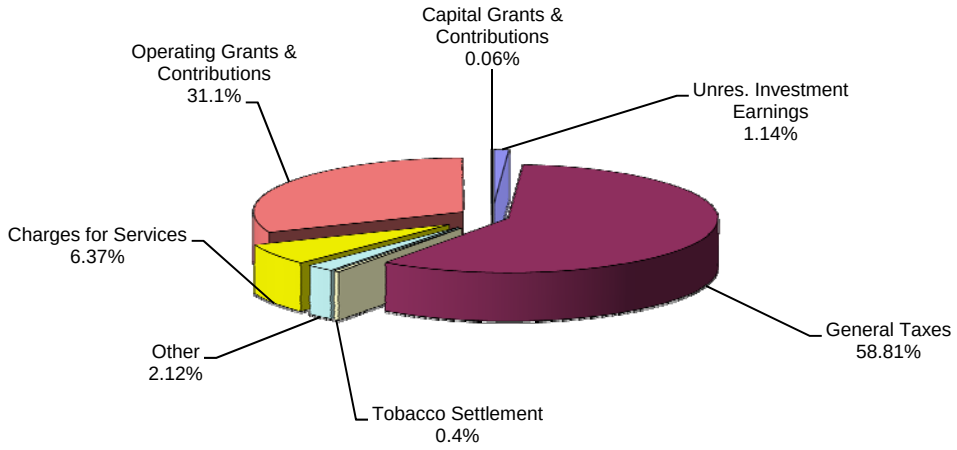
Governmental Activities

Governmental Activities decreased the State's net position by $362 million. Revenues decreased 29%, with the largest dollar decrease in the State's revenues for fiscal year 2016 coming from oil, gas, and coal taxes and business and other taxes, a decrease of $1.2 billion. This decrease is due to the decreased level of oil and gas production in the state and lower world oil prices. A decrease in sales and use tax is due to slowing taxable sales and purchases as a result of declining energy and agricultural prices worldwide. The decline in rig counts has resulted in a loss of higher paid energy jobs as well as a decrease in out-of-state commuters. Individual Income tax also showed a decrease also due to slowing oil patch activity reducing wages and salaries. Taxable oil royalty payments are reduced by the decrease in the value of oil. Farm income is also constrained by low agricultural commodity prices.

Expenses for governmental activities remained relatively consistent with only a decrease of 3%.

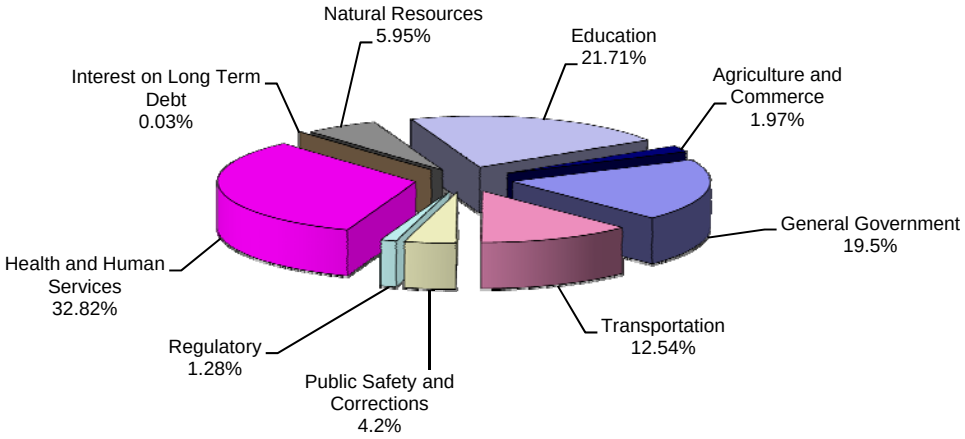
The following chart depicts revenues of the governmental activities for the fiscal year:

Revenues - Governmental Activities
Fiscal Year Ending June 30, 2016



The chart on the following page depicts expenses of the governmental activities for the fiscal year:

Expenditures - Governmental Activities
Fiscal Year Ending June 30, 2016



Business-type Activities

Net position of the business-type activities increased by $257 million during the fiscal year.

Workforce Safety and Insurance's (WSI) net position increased $11.4 million. Policyholder count decreased by 942 policies in fiscal year 2016. The decline in policies is due to the weaker economic conditions in the State. However, WSI's financial position remains stable. Earned premium net of discounts and reinsurance totaled $291 million, $330 million, and $313 million for fiscal years 2016, 2015, and 2014, respectively. WSI re-entered the Securities Lending arena in fiscal year 2016. Total income for the year was $213,849. The number of total claims filed in fiscal year 2016 was also less than in fiscal year 2015 and 2014.

The Bank of North Dakota net position increased $93.2 million. Net position increased because of an increase in assets attributable to increased loan demand, coupled with a decrease in the securities portfolio. Total assets grew by 4.9% to $7.2 million. The increase was attributable to continued growth in state deposits and liquidity of banks investing at the Bank.

The University System's net position increased $116.7 million. Net position increased due to a slight increase in tuition and fee revenues (4%) and state appropriations, excluding capital assets, increased three percent. In addition, in total assets increased $92.3 million due to an increase in current assets and net capital assets, offset by a decrease in other noncurrent assets.

Housing Finance net position increase of $8.4 million was similar to the prior year's net position change as revenues and expenses remained fairly consistent.

FINANCIAL ANALYSIS OF THE STATE'S FUNDS

Governmental Funds

As the State completed the year, its governmental funds reported combined fund balances of $12.2 billion, a decrease of $1.1 billion from the prior fiscal year. Of the $12.2 billion in net position, $4.1 billion is non-spendable, $6 billion is restricted, $1.6 billion is committed, $79.5 million is assigned, and $418.3 million is unassigned. These fund balance categories are a result of GASB Statement 54. Note 1U

provides definitions for these categories. The following analysis of funds provides the explanation for the overall change in net position for governmental funds.

The General Fund is the chief operating fund of the State. At the end of current fiscal year, unassigned fund balance of the General Fund was $421.7 million, non-spendable was $3.9 billion and $997 million was committed for expenditure by various governmental functions.

Total General fund balance decreased during the fiscal year by $541 million. Revenues decreased approximately 27.5%, due to decreases in individual and corporate income taxes of 290 million, sales and use tax of 366 million and oil, gas, and coal taxes of approximately $201 million. Explanation for these decreases were explained with the decrease in net position for governmental activities.

General fund expenditures decreased by 5%. Transportation expenditures decreased because of a decrease in spending for oil impacted projects as previously discussed.

The State Special Revenue ending fund balance decreased by $510 million resulting in $6.8 billion fund balance. Revenues decreased 45% and expenditures did not vary substantially. Revenues decreased in the state special revenue fund primarily due to a decrease in oil, gas, and coal tax revenues due to lower world oil prices as previously discussed. Expenses remained relatively consistent.

The June 30 Federal Fund balance of $8.6 million consists of non-spendable items such as prepaids and inventory and unavailable revenue for those revenues to be received later than the time period used for revenue recognition.

Proprietary Funds

The State's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. The increases in the net position of the proprietary funds are discussed under "Business-type Activities" above.

General Fund Budgetary Highlights:

The State has a biennial appropriated budget. The fiscal year ending June 30, 2016, was the first year of the 2015-17 budget cycle. The original budget decreased $100.3 million.

At the beginning of the 2015-17 budget cycle, there was an increase in the original budget of $128.5 million due to the authorized carryover of general fund appropriation authority from the 2013-15 biennium, and a $18.7 million increase for capital construction carryover. There was also a decrease to the original budget of $9.9 million in the 15-17 budget cycle due to emergency clause expenditures given in the 15-17 biennium that was used in the 13-15 biennium.

The increases to the beginning appropriated budget are from authorized carryover of general fund appropriation authority and the larger ones are noted below.

Several state agencies were authorized by appropriation laws to carryover a portion or all of their general fund appropriation for various purposes, including the University System, $64.9 million, the Department of Transportation, $20.4 million, the Department of Human Services, $18.6 million, Legislative Council, $4.9 million, the Department of Commerce, $4.3 million, the Adjutant General, $3.8 million, the Office of Management & Budget, $3.8 million and Department of Public Instruction, $2.5 million.

Of the $18.7 million in capital construction carryover dollars, $5.9 million was for the Department of Human Services; $6 million was for the Department of Trust Lands; $4.2 million was for the Office of Management and Budget and various smaller amounts for several other state agencies.

Of the $9.9 million in decreases, $7.8 million was for the University of North Dakota and $2 million was for the Parks and Recreation. These amounts were appropriated as emergency appropriations in the 15-17

biennium and was used in the 13-15 biennium and therefore was decreased out of the agencies 15-17 biennium general fund budget.

In fiscal year 2016, Governor Dalrymple implemented a 4.05 percent general fund reduction allotment because of a projected shortfall in general fund revenues for the 2015-17 biennium. The reduction totaled $239.1 million. Also during fiscal year 2016, there were additional insignificant appropriation increases for various purposes.

There were no expenditures in excess of general fund authority.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets: At the end of the fiscal year 2016, the State had invested $5.5 billion, net of accumulated depreciation, in a broad range of capital assets. Depreciation charges for this fiscal year totaled $207 million.

(Net of Depreciation, Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015*	2016	2015*	2016	2015*	2016
Land and Land Improvements	$138,132	$144,393	$20,445	$23,377	$158,577	$167,770
Building & Building Improvements	403,834	393,825	771,275	995,882	1,175,109	1,389,707
Equipment	161,759	161,279	173,224	173,735	334,983	335,014
Intangibles						
Software	33,019	181,480	9,825	9,718	42,844	191,198
Other	8,641	8,630	1,384	1,108	10,025	9,738
Infrastructure	1,338,820	1,855,003	115,579	116,121	1,454,399	1,971,124
Construction in Progress	1,631,681	1,621,684	229,763	132,004	1,861,444	1,753,688
Total	$3,715,886	$4,366,294	$1,321,495	$1,451,945	$5,037,381	$5,818,239

* Beginning capital asset balances were adjusted for certain reclassifications.

The total increase in the State's investments in capital assets for the current fiscal year was 16% in terms of net book value. However, actual expenditures to purchase or construct capital assets were approximately $1.8 billion for the year. A major portion of this amount was used to construct or reconstruct assets for highway construction. More detailed information on the State's capital assets can be found in Note 3H to the financial statements.

Long-term Debt: Article X, Section 13 of the Constitution of North Dakota provides that the state may issue or guarantee the payment of bonds provided that all bonds in excess of $2 million are: secured by first mortgage upon property and no further indebtedness may be incurred by the state unless evidenced by a bond issue; authorized by law, for a certain purpose; provisioned to pay the interest semiannually, and pay the principal within 30 years. The law authorized the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond. The State has no general obligation bonds outstanding at June 30, 2016.

The State does have a number of revenue bonds outstanding at June 30, 2016. Current state statutes empower certain state agencies and the Building Authority, a component unit of the State, to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on revenue bonds issued by state agencies is payable from designated revenue sources. The Building Authority's bonds generate revenue to finance the construction and improvements of State buildings. Revenues derived from leases on the buildings fund the debt service requirements.

The Bank of North Dakota has advances from the Federal Home Loan Bank in the amounts of $727 million. The advances have a fixed rate of interest, ranging from 1.12 percent to 5.56 percent.

More detailed information regarding the State's long-term obligations is presented in Note 3L to the financial statements.

State of North Dakota's Outstanding Debt
(Expressed in Thousands)

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2016	2015 Restated	2016	2015 Restated	2016
Revenue Bonds	$129,345	$64,049	$890,192	$1,040,019	$1,019,537	$1,104,068
Notes Payable	4,412	3,891	665,792	747,186	670,204	751,077
Total	$133,757	$67,940	$1,555,984	$1,787,205	$1,689,741	$1,855,145

The State's total debt increased approximately 9.8% during the current fiscal year.

ECONOMIC CONDITION AND OUTLOOK

Moody's Analytics recently completed an analysis of the North Dakota economy for its *Précis U.S. State* October 2016 publication. The report depicts an economy that is beginning to emerge from a recession that has existed for most of 2016 and driven by low oil and agriculture prices. The recession is expected to end by the close of 2016, but growth will be slow to accelerate until late in 2017.

Impacted by global commodity prices, North Dakota's two major industries, energy and agriculture both declined in 2016. As worldwide oil production increased, causing a glut on the market, prices fell, which translated into decreased oil activity in North Dakota. A price of about $50 per barrel will give producers the incentive to bring wells and jobs back on line. However, drilling will not accelerate in earnest until oil prices return to about $60 per barrel.

Farm income is more than 90 percent lower than the peak in 2012. North Dakota farmers are accustomed to swings in agriculture prices and were prepared for the downturn, helping to soften the blow. In addition to the low agriculture prices, the strong U.S. dollar resulted in a disadvantageous exchange rate with Canada, the state's biggest trade partner.

Private employment steadied in the second quarter and has finished the third quarter at an eight-month high. The labor force has surpassed prerecession levels and those with jobs are earning more because of tight labor availability. Because of weak non-wage income which is driven by energy and agriculture, overall personal income is less than one year ago.

The state's unemployment rate, only 2.2 percent in October 2016, is less than half the U.S. rate of 4.7 percent, and remains one of the lowest in the nation. The state's unemployment rate is expected to remain well below the national rate, remaining under 3 percent through 2021. The national rate is expected to remain close to 5 percent through 2020.

Median household income and per capita income for North Dakota have both surpassed the national average. For 2015, median household income in North Dakota was $57,415 compared to $56,516 for the U.S. Per capita income for 2014 was $55,950 for North Dakota, while $48,112 for the U.S.

CONTACTING THE STATE'S OFFICE OF FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the State's finances and to demonstrate the State's accountability for the money it receives. Questions about this report or additional financial information should be addressed to the State of North Dakota, Office of Management and Budget, 600 E. Boulevard, Dept. 110, Bismarck, ND 58505.

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Basic Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position
June 30, 2016

	Primary Government			Component Units (GASB Based)
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and Cash Equivalents	$ 48,227,761	$ 485,490,571	$ 533,718,332	$ 19,562,062
Investments	8,567,400,879	4,560,357,185	13,127,758,064	764,518
Accounts Receivable - Net	100,541,818	148,846,423	249,388,241	771,301
Taxes Receivable - Net	441,632,776	-	441,632,776	-
Interest Receivable - Net	32,708,419	55,127,708	87,836,127	65,531
Intergovernmental Receivable - Net	289,586,493	36,456,007	326,042,500	-
Internal Receivable	3,503,416,893	-	-	-
Due from Component Units	-	36,321,785	36,321,785	-
Due from Primary Government	-	-	-	380,000
Prepaid Items	14,391,066	3,509,131	17,900,197	-
Inventory	23,725,385	33,558,454	57,283,839	-
Loans and Notes Receivable - Net	344,157,821	4,320,619,318	4,664,777,139	9,856,180
Pension Assets	32,892,878	-	32,892,878	-
Other Assets	-	21,579,252	21,579,252	183,038
Restricted Assets:				
Cash and Cash Equivalents	11,875,288	202,121,370	213,996,658	46,346,000
Investments	-	23,072,493	23,072,493	891,782,000
Interest Receivable - Net	-	2,831,000	2,831,000	4,996,000
Loans and Notes Receivable - Net	-	756,767,000	756,767,000	-
Capital Assets:				
Nondepreciable	1,766,076,846	155,380,974	1,921,457,820	-
Depreciable, Net	2,600,217,398	1,296,563,659	3,896,781,057	19,933
Total Assets	17,776,851,721	12,138,602,330	26,412,037,158	974,726,563
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Loss on Bond Refunding	1,370,000	2,518,868	3,888,868	4,196,000
Decrease in Fair Value of Hedging Derivatives	-	149,387	149,387	-
Financial Derivative Instrument	-	7,633,000	7,633,000	-
Unrealized Loss on Interest Rate Swap	-	5,064,000	5,064,000	-
Derived from Pensions	45,873,991	18,862,837	64,736,828	28,000
Total Deferred Outflows of Resources	47,243,991	34,228,092	81,472,083	4,224,000

*** An internal receivable balance remains in the Total column because certain Business-Type Activities have different fiscal year ends than the Governmental Activities. As internal balances are reported separately as internal receivables and internal payables, those lines, as well as the total assets and total liabilities, do not crossfoot.**

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position
June 30, 2016

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	(GASB Based)
LIABILITIES				
Accounts Payable	377,675,293	57,222,195	434,897,488	1,454,210
Accrued Payroll	55,370,702	43,504,502	98,875,204	5,076
Securities Lending Collateral	213,680,009	18,536,658	232,216,667	-
Interest Payable	888,025	11,342,702	12,230,727	3,837,000
Intergovernmental Payable	190,342,986	12,224,439	202,567,425	-
Tax Refunds Payable	169,759,077	-	169,759,077	-
Internal Payable	-	4,177,227,733	673,810,840	-
Due to Component Units	-	45,490,447	45,490,447	-
Contracts Payable	23,887,432	8,556,093	32,443,525	-
Federal Funds Purchased	-	119,500,000	119,500,000	-
Other Deposits	-	1,031,986,772	1,031,986,772	-
Amounts Held In Custody for Others	-	17,453,692	17,453,692	-
Unearned Revenue	4,747,743	166,451,041	171,198,784	129,859
Financial Derivative Instrument	-	7,782,387	7,782,387	-
Net Pension Liability	289,853,350	98,400,849	388,254,199	122,000
Other Liabilities	-	27,109,561	27,109,561	158,334
Long-Term Liabilities				
Due within one year	16,391,890	550,417,402	566,809,292	23,260,147
Due in more than one year	112,417,737	2,546,905,468	2,659,323,205	456,377,000
Total Liabilities	1,455,014,244	8,940,111,941	6,891,709,292	485,343,626
DEFERRED INFLOWS OF RESOURCES				
Grant Received Prior to Time Requirements	-	59,553	59,553	-
Unrealized Gain on Interest Rate Swap	-	863,000	863,000	-
Derived from Pensions	40,684,396	13,525,852	54,210,248	28,000
Total Deferred Inflows of Resources	40,684,396	14,448,405	55,132,801	28,000
NET POSITION				
Net Investment in Capital Assets	4,299,696,899	1,155,758,401	5,455,455,300	19,933
Restricted for:				
General Government	17,937,474	-	17,937,474	-
Education	4,337,812,656	-	4,337,812,656	-
Health and Human Services	22,544,161	-	22,544,161	-
Regulatory Purposes	79,271,325	-	79,271,325	-
Public Safety & Corrections	2,908,264	-	2,908,264	-
Agriculture and Commerce	45,624,024	-	45,624,024	-
Cultural and Natural Resources	569,762,914	-	569,762,914	-
Transportation	1,053,683,033	-	1,053,683,033	-
Capital Projects	-	-	-	1,417,570
Debt Service	7,844,977	161,538,193	169,383,170	152,588,000
Loan Purposes	-	45,275,952	45,275,952	309,298,000
Pledged Assets	-	170,684,000	170,684,000	-
Unemployment Compensation	-	101,882,702	101,882,702	-
Pension Benefits	32,892,878	-	32,892,878	-
Permanent Fund and University System - Nonexp	67,997,836	17,376,625	85,374,461	127,000
University System - Expendable	-	29,663,187	29,663,187	-
Other	8,593,770	7,243,614	15,837,384	-
Unrestricted	5,781,826,861	1,528,847,402	7,310,674,263	30,128,434
Total Net Position	$ 16,328,397,072	$ 3,218,270,076	$ 19,546,667,148	$ 493,578,937

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Activities

For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	$ 1,055,377,601	$ 36,278,126	$ 5,342,772	$ -
Education	1,175,550,087	7,071,212	267,008,310	-
Health and Human Services	1,776,822,167	42,982,802	1,121,200,710	1,328,865
Regulatory	69,084,070	52,583,727	5,336,815	-
Public Safety and Corrections	227,617,802	24,446,658	62,215,678	-
Agriculture and Commerce	106,845,611	38,222,183	24,846,203	-
Natural Resources	321,992,458	35,142,635	19,598,521	2,000,000
Transportation	679,070,102	122,699,922	249,990,587	87,473
Interest on Long Term Debt	1,334,285	-	-	-
Total Governmental Activities	5,413,694,183	359,427,265	1,755,539,596	3,416,338
Business-Type Activities:				
Bank of North Dakota	85,822,027	207,836,000	-	-
Housing Finance	40,245,934	36,286,659	12,193,000	-
Loan Programs	17,322,830	12,212,352	226,695	-
State Lottery	26,038,434	35,736,460	2,992	-
Unemployment Compensation	225,358,209	147,802,377	2,678,317	-
University System	1,211,438,892	537,645,053	211,512,088	29,609,083
Workforce Safety & Insurance	366,662,703	308,682,776	69,501,734	-
Other	569,432,422	573,829,155	2,488,328	-
Total Business-Type Activities	2,542,321,451	1,860,030,832	298,603,154	29,609,083
Total Primary Government	$ 7,956,015,634	$ 2,219,458,097	$ 2,054,142,750	$ 33,025,421
Component Units (GASB Based):	$ 32,218,183	$ 9,445,725	$ 37,723,761	$ -

General Revenues:

Taxes:

Individual and Corporate Income Taxes

Sales and Use Taxes

Oil, Gas and Coal Taxes

Business and Other Taxes

Unrestricted Investment Earnings

Tobacco Settlement

Miscellaneous

Contributions to Perm Fund Principal

Special Item - Loss on Discontinuance of Computer Project

Transfers

Total General Revenues and Transfers

Change in Net Assets

Net Position, Beginning of Year, as Restated

Net Position, Ending

The Accompanying Notes are an Integral Part of the Financial Statements

Net (Expense) Revenue and Change in Net Position			
Primary Government			Component Units
Governmental Activities	Business-Type Activities	Total	(GASB Based)
$ (1,013,756,703)		$ (1,013,756,703)	
(901,470,565)		(901,470,565)	
(611,309,790)		(611,309,790)	
(11,163,528)		(11,163,528)	
(140,955,466)		(140,955,466)	
(43,777,225)		(43,777,225)	
(265,251,302)		(265,251,302)	
(306,292,120)		(306,292,120)	
(1,334,285)		(1,334,285)	
(3,295,310,984)		(3,295,310,984)	
	122,013,973	122,013,973	
	8,233,725	8,233,725	
	(4,883,783)	(4,883,783)	
	9,701,018	9,701,018	
	(74,877,515)	(74,877,515)	
	(432,672,668)	(432,672,668)	
	11,521,807	11,521,807	
	6,885,061	6,885,061	
-	(354,078,382)	(354,078,382)	
(3,295,310,984)	(354,078,382)	(3,649,389,366)	
			$ 14,951,303
414,964,865	-	414,964,865	-
1,348,342,960	-	1,348,342,960	-
1,457,361,212	-	1,457,361,212	-
99,295,506	-	99,295,506	-
64,347,477	-	64,347,477	-
22,776,760	-	22,776,760	-
119,545,563	93,003	119,638,566	-
15,637,987	-	15,637,987	-
(4,948,596)	-	(4,948,596)	-
(603,556,908)	611,332,622	7,775,714	-
2,933,766,826	611,425,625	3,545,192,451	-
(361,544,158)	257,347,243	(104,196,915)	14,951,303
16,689,941,230	2,960,922,833	19,650,864,063	478,627,634
$ 16,328,397,072	$ 3,218,270,076	$ 19,546,667,148	$ 493,578,937

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Net Assets
Component Units - University System Foundation
FASB Basis
June 30, 2016

	Major University System Foundation	Nonmajor University System Foundation
ASSETS		
Current Assets:		
Cash and Cash Equivalents	$ 49,755,518	$ 9,139,743
Receivable from Primary Institution - Current	3,525,217	50,852
Investments	11,073,652	13,235,057
Accounts Receivable - Net	7,322,826	397,204
Unconditional Promises to Give - Net	14,088,891	754,346
Inventory	994,137	
Other Assets- Current	2,956,624	54,422
Total Current Assets	89,716,865	23,631,624
Noncurrent Assets:		
Restricted Cash and Cash Equivalents	6,097,862	166,600
Contributions Receivable	629,725	
Investments:		
Investments, Net of Current Portion	354,100,730	27,023,745
Investments, Restricted	5,287,020	-
Investments Held In Trust	31,253,910	3,114,532
Beneficial Interest In Trust	15,148,293	-
Charitable Gift Annuity Investments	6,067,499	-
Charitable Remainder Trust Account Investments	18,978,441	-
Real Estate and Equipment Held for Investment - Net	22,262,918	5,749,595
Other Long-Term Investments	7,389,811	1,351,315
Contracts for Deed & Notes Receivable, Net of Current Portion	962,250	-
Long-Term Pledges Receivable	41,901,371	2,527,924
Other Receivables	116,709	-
Receivable from Primary Institution	41,445,541	266,242
Notes Receivable - Net	6,490,000	799,952
Other Assets - Noncurrent	1,433,285	521,341
Capital Assets - Net	158,597,346	12,675,686
Total Noncurrent Assets	718,162,711	54,196,932
Total Assets	807,879,576	77,828,556
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	4,097,690	220,443
Investments Held on Behalf of Institutions	50,511	
Payable to University	9,180,163	1,198,425
Accrued Payroll	822,047	17,034
Gift Annuities & Life Income Agreements - Current	2,969,817	40,618
Unearned Revenue - Current	8,615,653	750,847
Other Liabilities - Current	394,437	2,918
Long-Term Liabilities - Current	5,659,463	439,417
Total Current Liabilities	31,789,781	2,669,702
Noncurrent Liabilities:		
Deposits	2,998,997	-
Gift Annuities & Life Income Agreements - Noncurrent	21,425,942	288,173
Obligations Under Split-Interest Agreement	5,520,953	-
Investments Held on Behalf of Institutions	22,106,318	3,114,532
Other Liabilities - Noncurrent	196,237	-
Long-Term Liabilities - Noncurrent	70,270,844	10,389,636
Total Noncurrent Liabilities	122,519,291	13,792,341
Total Liabilities	154,309,072	16,462,043
Net Assets		
Temporarily Restricted	77,265,868	15,873,621
Permanently Restricted	359,883,754	39,038,699
Net Investment in Property & Equipment	65,210,194	-
Unrestricted	151,210,688	6,454,193
Total Net Asset	653,570,504	61,366,513
Total Liabilities and Net Assets	$ 807,879,576	$ 77,828,556

STATE OF NORTH DAKOTA

Statement of Revenues, Expenses and Changes in Fund Net Assets
Component Units - University System Foundation
FASB Basis
For the Fiscal Year Ended June 30, 2016

	Major University System Foundation	Nonmajor University System Foundation
Support and Revenue		
Gifts and Contributions	$ 50,186,278	$ 9,271,244
Investment Income	89,093	1,316,750
Net Realized and Unrealized Losses on Investment Securities	(4,962,169)	(404,190)
Program and Event Income	47,127,429	5,139,308
Other Income	6,739,354	5,407,727
Total Support and Revenue	99,179,985	20,730,839
EXPENSES		
Program Services	$ 49,663,359	$ 4,598,509
Supporting Services	52,433,161	8,948,779
Fund Raising Expense	2,774,002	-
Total Expenses	104,870,522	13,547,288
Changes in Net Assets	$ (5,690,537)	$ 7,183,551
Total Net Assets - Beginning of Year , as restated	$ 659,261,041	$ 54,182,962
Total Net Assets - End of Year	$ 653,570,504	$ 61,366,513

The Accompanying Notes are an Integral Part of the Financial Statements

Balance Sheet
Governmental Funds
June 30, 2016

	General	Special Revenue Federal	Special Revenue State	Nonmajor Governmental Funds	Total
ASSETS					
Cash Deposits at the Bank of ND	$ 593,922,105	$ -	$ 2,382,075,035	$ 2,105,349	$ 2,978,102,489
Cash and Cash Equivalents	30,925,039	-	17,295,204	-	48,220,243
Investments at the Bank of ND	81,143,786	-	490,458,793	5,975,000	577,577,579
Investments	4,318,734,293	-	4,224,825,913	12,165,669	8,555,725,875
Accounts Receivable - Net	11,285,919	18,079,538	71,000,117	-	100,365,574
Taxes Receivable - Net	319,248,467	-	122,121,148	263,161	441,632,776
Interest Receivable - Net	18,916,501	-	13,653,461	88,483	32,658,445
Intergovernmental Receivable - Net	-	277,092,770	12,264,851	-	289,357,621
Due from Other Funds	229,431,705	59,015,590	27,469,868	4,000	315,921,163
Prepaid Items	3,060,077	872,450	4,838,040	-	8,770,567
Inventory	3,261,067	11,093,006	9,251,483	-	23,605,556
Loans and Notes Receivable - Net	168,178,523	5,001	119,146,029	56,828,270	344,157,823
Total Assets	5,778,107,482	366,158,355	7,494,399,942	77,429,932	13,716,095,711
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 5,778,107,482	$ 366,158,355	$ 7,494,399,942	$ 77,429,932	$ 13,716,095,711
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 62,774,575	$ 147,448,386	$ 165,494,742	$ 3,737	$ 375,721,440
Accrued Payroll	33,227,135	6,765,656	12,778,853	-	52,771,644
Securities Lending Collateral	51,821,385	-	160,665,607	1,027,109	213,514,101
Interest Payable	-	-	612,885	-	612,885
Intergovernmental Payable	7,713,766	25,685,169	156,943,949	-	190,342,884
Tax Refunds Payable	160,791,942	-	8,967,135	-	169,759,077
Due to Other Funds	52,773,043	165,602,010	145,011,671	349,931	363,736,655
Contracts Payable	356,032	4,871,054	18,660,346	-	23,887,432
Unearned Revenues	-	4,583,491	96,181	-	4,679,672
Total Liabilities	369,457,878	354,955,766	669,231,369	1,380,777	1,395,025,790
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue	80,654,925	2,608,819	19,062,598	-	102,326,342
Total Deferred Inflows of Resources	80,654,925	2,608,819	19,062,598	-	102,326,342
Fund Balances:					
Nonspendable					
Inventory	3,261,067	11,093,006	9,251,483	-	23,605,556
Long - Term Receivables	25,135,777	5,000	103,394,833	-	128,535,610
Prepaid Expenditures	3,060,077	872,450	4,838,040	-	8,770,567
Legal Requirements	3,877,340,334	-	-	-	3,877,340,334
Permanent Trust Fund	-	-	-	67,997,836	67,997,836
Restricted	-	-	5,992,204,028	7,844,974	6,000,049,002
Committed	997,494,805	-	616,905,194	206,345	1,614,606,344
Assigned	-	-	79,512,397	-	79,512,397
Unassigned	421,702,619	(3,376,686)	-	-	418,325,933
Total Fund Balances	5,327,994,679	8,593,770	6,806,105,975	76,049,155	12,218,743,579
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 5,778,107,482	$ 366,158,355	$ 7,494,399,942	$ 77,429,932	$ 13,716,095,711

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position

June 30, 2016

Total Fund Balances-Governmental Funds		$ 12,218,743,579
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $7,491,696,368 and the accumulated depreciation is $3,225,587,754		4,266,108,614
Other assets not available in the current period and therefore are not reported in the governmental funds:		
Net Pension Asset		32,892,878
Deferred outflows of resources are not reported in the governmental funds:		
Loss on bond refunding	1,370,000	
Related to pensions	43,873,898	
Total Deferred Outflows		45,243,898
Some of the state's revenues will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are unavailable in the funds.		102,258,271
Internal service funds are used to charge the costs of certain activities to individual funds. The assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the internal service funds are included in governmental activities in the statement of net position.		91,767,647
Deferred inflows of resources are not reported in the governmental funds:		
Related to pensions		(38,386,907)
Long-term liabilities and related accrued interest are not due and payable in the current period and therefore are not reported as liabilities in the funds. Those liabilities consist of:		
Bonds Payable	(64,048,919)	
Notes Payable	(3,891,368)	
Accrued Interest on Long-Term Liabilities	(265,516)	
Compensated Absences	(45,143,449)	
Capital Leases	(404,013)	
Other Postemployment Benefit Obligation, net	(1,156,657)	
Net Pension Liability	(274,215,325)	
Claims and Judgments	(1,105,661)	
Total Long-Term Liabilities		(390,230,908)
Net Position of Governmental Activities		$ 16,328,397,072

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2016

	General	Special Revenue Federal	Special Revenue State	Nonmajor Governmental Funds	Total
REVENUES					
Individual and Corporate Income Taxes	$ 422,631,075	$ -	$ 1,598,681	$ -	$ 424,229,756
Sales and Use Taxes	1,058,346,870	-	295,608,910	-	1,353,955,780
Oil, Gas, and Coal Taxes	759,747,553	-	694,207,436	3,131,146	1,457,086,135
Business and Other Taxes	63,394,166	-	36,348,851	-	99,743,017
Licenses, Permits and Fees	19,214,994	-	187,948,129	-	207,163,123
Intergovernmental	1,184,183	1,618,003,233	19,942,582	4,301,834	1,643,431,832
Sales and Services	3,002,249	1,154,805	53,225,803	-	57,382,857
Royalties and Rents	14,692,623	6,679	222,680,222	-	237,379,524
Fines and Forfeits	5,475,453	-	17,503,924	-	22,979,377
Interest and Investment Income	61,921,883	1,370	693,403	998,464	63,615,120
Tobacco Settlement	-	-	31,872,848	-	31,872,848
Commodity Assessments	-	-	25,007,037	-	25,007,037
Miscellaneous	1,559,616	5,175,078	36,856,844	-	43,591,538
Total Revenues	2,411,170,665	1,624,341,165	1,623,494,670	8,431,444	5,667,437,944
EXPENDITURES					
Current:					
General Government	266,074,830	2,300,017	95,019,693	16,261	363,410,801
Education	826,264,368	146,946,993	201,716,953	-	1,174,928,314
Health and Human Services	645,420,941	1,064,065,516	64,575,255	-	1,774,061,712
Regulatory	19,977,674	5,266,983	34,916,441	-	60,161,098
Public Safety and Corrections	153,690,513	53,442,403	9,221,542	-	216,354,458
Agriculture and Commerce	30,667,380	23,305,507	52,818,586	-	106,791,473
Natural Resources	17,246,252	16,572,264	273,851,010	-	307,669,526
Transportation	41,862,412	147,905,190	424,048,325	-	613,815,927
Intergovernmental - Revenue Sharing	3,143,803	-	690,649,322	-	693,793,125
Capital Outlay	25,301,283	164,248,915	580,506,070	-	770,056,268
Debt Service:					
Principal	394,734	58,624	247,953	63,065,000	63,766,311
Interest and Other Charges	133,636	5,700	65,791	4,339,140	4,544,267
Total Expenditures	2,030,177,826	1,624,118,112	2,427,636,941	67,420,401	6,149,353,280
Revenues over (under) Expenditures	380,992,839	223,053	(804,142,271)	(58,988,957)	(481,915,336)
OTHER FINANCING SOURCES (USES)					
Capital Lease Acquisitions	71,653	71,584	6,654	-	149,891
Sale of Capital Assets	27,000	-	5,685,951	-	5,712,951
Transfers In	172,242,303	1,919,068	607,996,639	56,724,823	838,882,833
Transfers Out	(1,094,369,840)	(24,143,772)	(319,522,031)	(5,363,599)	(1,443,399,242)
Total Other Financing Sources (Uses)	(922,028,884)	(22,153,120)	294,167,213	51,361,224	(598,653,567)
Net Change in Fund Balances	(541,036,045)	(21,930,067)	(509,975,058)	(7,627,733)	(1,080,568,903)
Fund Balances - Beginning of Year, as Adjusted	5,869,030,724	30,523,837	7,316,081,033	83,676,888	13,299,312,482
Fund Balances - End of Year	$ 5,327,994,679	$ 8,593,770	$ 6,806,105,975	$ 76,049,155	$ 12,218,743,579

The Accompanying Notes are an Integral Part of the Financial Statements

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Fiscal Year Ended June 30, 2016

Net Change in Fund Balances-Total Governmental Funds		$ (1,080,568,903)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:		
Capital outlay	770,056,268	
Depreciation expense	(120,223,364)	
Excess of capital outlay over depreciation expense		649,832,904
In the statement of activities, only the gain(loss) on the sale of assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.		(724,712)
Some of the assets acquired this year were financed through capital leases. The amount financed is reported in the governmental funds as a source of financing. However, capital leases are reported as long-term liabilities in the statement of net position.		(155,343)
Based on receipt dates, some revenues are not considered "available" revenues and are unavailable in the governmental funds. Unavailable revenues increased/decreased by this amount this year.		(14,236,761)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of internal service funds is reported with governmental activities		7,705,023
The pension assets resulting from contributions in excess of annual required contribution are not financial resources and, therefore, are not reported in the funds.		242,683
Deferred outflows of resources do not provide current financial resources		
Amortization of deferred loss on bond refunding	(229,000)	
Related to pension	5,599,231	
Total deferred outflows		5,370,231
Deferred pension inflows are not considered current cash expenses and are not reported as an expenditure in the funds		21,081,595
The net pension liability relating to retirement plans		(15,798,718)
Repayment of long-term debt is reported as an expenditure in governmental funds but the repayment reduces long-term liabilities in the statement of net position. In the current year, these amounts consist of:		
Bond principal retirement	65,295,874	
Note payments	520,324	
Capital lease payments	317,620	
Total long-term debt repayment		66,133,818
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This adjustment combines the net changes of the following:		
Accrued Interest	1,128,004	
Compensated Absences	(1,514,559)	
Other Postemployment Benefit Obligation Costs, net	(91,143)	
Claims and Judgments	51,723	
Total additional expenditures		(425,975)
Change in Net Position of Governmental Activities		$ (361,544,158)

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
ASSETS							
Current Assets:							
Cash Deposits at the Bank of ND		$ 4,181,000	$ 166,121,175	$ 2,009,802	$ 138,249,795	$ 310,561,772	$ 13,564,503
Cash and Cash Equivalents		-	15,409,269	-	73,822,302	89,231,571	7,518
Investments at the Bank of ND		-	101,472,849	-	42,286,000	143,758,849	-
Investments		-	116,730	1,839,698,248	57,227,579	1,897,042,557	11,675,004
Accounts Receivable - Net		518,000	17,045,687	46,280,753	84,988,658	148,833,098	176,244
Interest Receivable - Net		74,000	-	9,667,915	1,107,793	10,849,708	49,912
Intergovernmental Receivable - Net		145,000	29,007,137	-	7,303,870	36,456,007	228,872
Due from Other Funds		3,000	34,609,848	-	1,073,702	35,686,550	6,721,604
Due from Fiduciary Funds		-	-	-	13,325	13,325	-
Due from Component Units		-	10,191,183	-	-	10,191,183	-
Prepaid Items		57,000	-	316,513	3,135,618	3,509,131	5,620,499
Inventory		-	8,830,400	-	24,728,054	33,558,454	119,829
Loans and Notes Receivable - Net		-	7,840,719	-	8,495,974	16,336,693	-
Other Assets		514,000	1,767,122	-	21,969	2,303,091	-
Restricted Cash at the Bank of ND		13,142,000	-	-	4,846,838	17,988,838	-
Restricted Cash and Cash Equivalents		202,111,000	-	-	-	202,111,000	-
Restricted Investments at the Bank of ND		-	-	-	2,500,000	2,500,000	-
Restricted Investments		9,018,000	-	-	-	9,018,000	-
Restricted Interest Receivable - Net		2,831,000	-	-	-	2,831,000	-
Restricted Loans Receivable - Net		17,915,000	-	-	-	17,915,000	-
Total Current Assets		250,509,000	392,412,119	1,897,973,231	449,801,477	2,990,695,827	38,163,985
Noncurrent Assets:							
Restricted Cash at the Bank of ND		-	3,154,839	-	-	3,154,839	-
Restricted Cash and Cash Equivalents		-	10,370	-	-	10,370	-
Restricted Investments at the Bank of ND		-	5,226,502	-	-	5,226,502	-
Restricted Investments		9,587,000	4,467,493	-	-	14,054,493	-
Investments at the Bank of ND		-	74,200,000	-	-	74,200,000	-
Investments		-	10,260,628	-	-	10,260,628	-
Due from Component Units		-	26,126,602	-	-	26,126,602	-
Loans and Notes Receivable - Net		-	24,586,752	-	87,746,873	112,333,625	-
Restricted Loans Receivable - Net		737,852,000	-	-	1,000,000	738,852,000	-
Other Noncurrent Assets		3,169,000	579,548	-	5,216,613	8,965,161	-
Capital Assets:							
Nondepreciable		-	120,063,273	1,494,595	31,374,106	152,931,974	-
Depreciable, Net		-	1,203,633,621	10,393,691	73,419,347	1,287,446,659	100,185,631
Total Noncurrent Assets		750,608,000	1,472,309,628	11,888,286	198,756,939	2,433,562,853	100,185,631
Bank Related Assets:							
Cash and Cash Equivalents	$ 396,259,000					$ 396,259,000	
Investments	2,653,054,000					2,653,054,000	
Interest Receivable - Net	44,278,000					44,278,000	
Due from Other Funds	85,476,000					85,476,000	
Due from Fiduciary Funds	-					-	
Due from Component Units	4,000					4,000	
Loans and Notes Receivable - Net	4,191,949,000					4,191,949,000	
Other Assets	10,311,000					10,311,000	
Capital Assets:							
Nondepreciable	2,449,000					2,449,000	
Depreciable, Net	9,117,000					9,117,000	
Total Bank Related Assets	7,392,897,000					7,392,897,000	
Total Assets	7,392,897,000	1,001,117,000	1,864,721,747	1,909,861,517	648,558,416	12,817,155,680	138,349,616
DEFERRED OUTFLOWS OF RESOURCES							
Deferred Loss on Bond Refunding	-	-	2,518,868	-	-	2,518,868	-
Decrease in Fair Value of Hedging Derivatives	-	-	-	-	149,387	149,387	-
Financial Derivative Instrument	-	7,633,000	-	-	-	7,633,000	-
Unrealized Loss on Interest Rate Swap	5,064,000	-	-	-	-	5,064,000	-
Derived from Pensions	1,631,000	213,000	14,631,835	892,196	1,494,806	18,862,837	2,000,093
Total Deferred Outflows of Resources	6,695,000	7,846,000	17,150,703	892,196	1,644,193	34,228,092	2,000,093

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
LIABILITIES							
Current Liabilities:							
Accounts Payable		776,000	26,224,524	4,400,732	25,460,561	56,861,817	1,953,818
Accrued Payroll		-	42,754,051	-	750,451	43,504,502	2,599,058
Securities Lending Collateral		-	-	18,235,067	301,591	18,536,658	165,908
Interest Payable		9,939,000	1,107,745	-	19,776	11,066,521	9,624
Intergovernmental Payable		18,000	356,403	-	17,050,945	17,425,348	102
Due to Other Funds		13,471,000	2,485,480	198,631	74,636,858	90,791,969	1,656,706
Due to Fiduciary Funds		-	-	-	360,379	360,379	-
Due to Component Units		-	3,214,158	-	-	3,214,158	-
Contracts Payable		-	8,474,589	-	81,504	8,556,093	-
Other Deposits		-	5,166,730	-	-	5,166,730	-
Amounts Held in Custody for Others		11,938,000	-	-	5,515,692	17,453,692	-
Claims/Judgments Payable		-	-	133,408,574	2,285,196	135,693,770	1,870,374
Dividends Payable		-	-	156,837,761	-	156,837,761	-
Compensated Absences Payable		178,000	2,330,466	1,324,517	138,116	3,971,099	175,861
Notes Payable		-	959,025	-	-	959,025	-
Capital Leases Payable		-	2,834,037	-	-	2,834,037	25,081
Bonds Payable		28,560,000	8,656,801	-	110,000	37,326,801	-
Unearned Revenue		97,000	21,396,279	144,577,275	380,487	166,451,041	-
Other Current Liabilities		22,000	-	-	44,877	66,877	-
Total Current Liabilities		64,999,000	125,960,288	458,982,557	127,136,433	777,078,278	8,456,532
Noncurrent Liabilities:							
Intergovernmental Payable		13,000	4,052,827	-	-	4,065,827	-
Due to Component Units		-	41,896,289	-	-	41,896,289	-
Claims/Judgments Payable		-	-	978,329,541	-	978,329,541	8,715,335
Compensated Absences Payable		141,000	29,664,244	215,619	1,161,971	31,182,834	2,234,402
Notes Payable		-	18,968,079	-	-	18,968,079	-
Capital Leases Payable		-	14,059,497	-	-	14,059,497	37,616
Bonds Payable		769,172,000	207,687,116	-	2,968,574	979,827,690	-
Financial Derivative Instrument		7,633,000	-	-	149,387	7,782,387	-
Net Pension Liability		1,655,000	75,351,114	6,282,403	8,343,332	91,631,849	15,638,025
Other Noncurrent Liabilities		4,376,000	232,684	-	15,833,000	20,441,684	-
Total Noncurrent Liabilities		782,990,000	391,911,850	984,827,563	28,456,264	2,188,185,677	26,625,378
Bank Related Liabilities:							
Interest Payable	270,074					270,074	
Due to Other Funds	875,926					875,926	
Due to Component Units	380,000					380,000	
Federal Funds Purchased	119,500,000					119,500,000	
Deposits Held for Other Funds	4,857,348,256					4,857,348,256	
Net Pension Liability	6,769,000					6,769,000	
Other Deposits	944,793,744					944,793,744	
Other Liabilities	6,601,000					6,601,000	
Long Term Liabilities:							
Due within one year	207,594,000					207,594,000	
Due in more than one year	520,472,000					520,472,000	
Total Bank Related Liabilities	6,664,604,000					6,664,604,000	
Total Liabilities	6,664,604,000	847,989,000	517,872,138	1,443,810,120	155,592,697	9,629,867,955	35,081,910
DEFERRED INFLOWS OF RESOURCES							
Grants Received Prior to Time Requirements	-	-	59,553	-	-	59,553	-
Unrealized Gain on Interest Rate Swap	863,000	-	-	-	-	863,000	-
Derived from Pensions	1,539,000	242,000	9,866,303	794,575	1,083,974	13,525,852	2,297,489
Total Deferred Inflows of Resources	2,402,000	242,000	9,925,856	794,575	1,083,974	14,448,405	2,297,489
NET POSITION							
Net Investment in Capital Assets	11,566,000	-	1,029,589,236	11,888,286	102,714,879	1,155,758,401	100,122,935
Restricted for:							
Debt Service	-	153,199,000	7,942,193	-	397,000	161,538,193	-
Loan Purposes	-	-	44,693,805	-	582,147	45,275,952	-
Pledged Assets	170,684,000	-	-	-	-	170,684,000	-
Unemployment Compensation	-	-	-	-	101,882,702	101,882,702	-
University System-Nonexpendable	-	-	17,376,625	-	-	17,376,625	-
University System-Expendable	-	-	29,663,187	-	-	29,663,187	-
Other	-	-	216,717	-	7,026,897	7,243,614	-
Unrestricted	550,336,000	7,533,000	224,592,693	454,260,732	280,922,313	1,517,644,738	2,847,375
Total Net Position	$ 732,586,000	$ 160,732,000	$ 1,354,074,456	$ 466,149,018	$ 493,525,938	$ 3,207,067,412	$ 102,970,310

Reconciliation of the Proprietary Funds Statement of Net Position to the Statement of Net Position
June 30, 2016

Total Net Position - Enterprise Funds	$ 3,207,067,412
Amounts reported for business-type activities in the statement of net position are different because:	
Prior year net assets restatement and reduction of current year expenses based on the allocation of internal service fund's net income	11,202,664
Net Position of Business-Type Activities	$ 3,218,270,076

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds						Governmental Activities
	Bank of North Dakota	Housing Finance	University System	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
OPERATING REVENUES							
Sales and Services	$ 7,648,000	$ 4,067,659	$ 105,289,840	$ 303,833,840	$ 767,457,377	$ 1,188,296,716	$ 100,040,960
Auxiliary Sales Pledges for Bonds	-	-	109,650,297	-	-	109,650,297	-
Tuition and Fees	-	-	316,119,973	-	-	316,119,973	-
Grants and Contributions	-	-	131,344,089	-	-	131,344,089	-
Royalties and Rents	-	-	-	851,446	163,419	1,014,865	-
Fines and Forfeits	-	-	-	3,997,490	-	3,997,490	-
Interest and Investment Income	200,188,000	32,219,000	-	-	1,768,856	234,175,856	-
Miscellaneous	-	-	1,909,634	-	141,496	2,051,130	40,139
Total Operating Revenues	207,836,000	36,286,659	664,313,833	308,682,776	769,531,148	1,986,650,416	100,081,099
OPERATING EXPENSES							
Cost of Sales and Services	-	-	25,653,492	-	187,595,274	213,248,766	1,110,606
Salaries and Benefits	14,563,000	3,410,000	785,252,714	24,115,593	20,294,138	847,635,445	32,048,615
Operating	38,572,000	6,201,000	277,832,193	3,142,870	394,873,672	720,621,735	37,629,674
Claims	-	-	-	197,467,710	228,352,711	425,820,421	7,610,747
Scholarships and Fellowships	-	-	33,560,729	-	-	33,560,729	-
Interest	32,164,000	18,375,000	-	-	10,000	50,549,000	-
Depreciation	742,000	-	68,660,916	398,680	5,857,837	75,659,433	15,720,863
Miscellaneous	-	-	9,439,751	-	5,000	9,444,751	-
Total Operating Expenses	86,041,000	27,986,000	1,200,399,795	225,124,853	836,988,632	2,376,540,280	94,120,505
Operating Income (Loss)	121,795,000	8,300,659	(536,085,962)	83,557,923	(67,457,484)	(389,889,864)	5,960,594
NONOPERATING REVENUES (EXPENSES)							
Grants and Contracts	-	12,066,000	42,748,183	-	1,026,155	55,840,338	-
Gifts	-	-	32,681,165	-	-	32,681,165	-
Interest and Investment Income	-	127,000	4,738,651	69,501,734	4,369,551	78,736,936	551,552
Interest Expense	-	-	(11,971,167)	(4,724,205)	(393,574)	(17,088,946)	(26,237)
Dividends Expense	-	-	-	(136,968,985)	-	(136,968,985)	-
Gain (Loss) on Sale of Capital Assets	-	-	1,186,618	-	(125,004)	1,061,614	214,343
Tax Revenue	-	-	4,675,309	-	-	4,675,309	-
Grant Expense	-	(12,265,000)	-	-	-	(12,265,000)	-
Other	-	-	-	-	(422,814)	(422,814)	3,582
Total Nonoperating Revenues (Expenses)	-	(72,000)	74,058,759	(72,191,456)	4,454,314	6,249,617	743,240
Income (Loss) Before Contributions and Transfers	121,795,000	8,228,659	(462,027,203)	11,366,467	(63,003,170)	(383,640,247)	6,703,834
Capital Grants and Contributions	-	-	29,609,083	-	-	29,609,083	87,473
Transfers In	-	232,341	554,002,622	-	113,638,815	667,873,778	959,500
Transfer Out	(28,600,000)	(39,000)	(4,870,000)	-	(23,032,156)	(56,541,156)	-
Changes in Net Position	93,195,000	8,422,000	116,714,502	11,366,467	27,603,489	257,301,458	7,750,807
Total Net Position - Beginning of Year, as adjusted	639,391,000	152,310,000	1,237,359,954	454,782,551	465,922,449	2,949,765,954	95,219,503
Total Net Position - End of Year	$ 732,586,000	$ 160,732,000	$ 1,354,074,456	$ 466,149,018	$ 493,525,938	$ 3,207,067,412	$ 102,970,310

Reconciliation of Statement of Revenues, Expenses and Changes in Fund Net Position of Proprietary Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2016

Net Change in Net Position-Total Enterprise Funds	$ 257,301,458
Amounts reported for business-type activities in the statement of net assets are different because:	
Expenses were reduced based on the allocation of internal service fund's net income	45,785
Change in Net Position of Business-Type Activities	$ 257,347,243

The Accompanying Notes are an Integral Part of the Financial Statements

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STATE OF NORTH DAKOTA

Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Cash Flows from Operating Activities:			
Receipts from Customers and Users	$ 10,393,000	$ 148,876,659	$ 216,782,230
Receipts from Tuition and Fees	-	-	318,399,573
Interest Income on Loans	-	-	-
Receipts from Loan Principal Repayments	-	-	7,236,731
Receipts from Other Funds	-	-	-
Receipts from Grants and Contracts	-	-	140,390,010
Receipts from Others	-	-	23,377,710
Payments to Other Funds	-	(357,000)	-
Payments for Loan Funds	-	-	(6,123,383)
Payments for Scholarships and Fellowships	-	-	(33,376,286)
Payments to Suppliers	(15,600,000)	(213,850,000)	(324,850,729)
Payments to Employees	(14,759,000)	(3,264,000)	(780,047,303)
Claim Payments	-	-	-
Payments to Others	-	(859,000)	(800,140)
Other	-	-	-
Net Cash Provided by (Used for) Operating Activities	(19,966,000)	(69,453,341)	(439,011,587)
Cash Flows from Noncapital Financing Activities:			
Proceeds from Bonds	-	264,668,000	-
Proceeds from Sale of Notes and Other Borrowings	615,000,000	-	-
Principal Payments - Bonds	-	(102,480,000)	-
Principal Payments - Notes and Other Borrowings	(532,804,000)	-	-
Interest Payments - Bonds	-	(17,801,000)	-
Interest Payments - Notes and Other Borrowings	(19,047,000)	-	-
Tax Collections	-	-	4,638,826
Transfers In	-	232,341	20,156,956
Transfers Out	(28,645,000)	(39,000)	(4,870,000)
Net Decrease in Non-Interest Bearing Deposits	(59,182,000)	-	-
Net Increase in Interest Bearing Deposits	130,713,000	-	-
Payments of Interest on Deposits	(13,033,000)	-	-
Interest Paid on Federal Funds and Reverse Repurchase Agreements	(222,000)	-	-
Net Decrease in Federal Funds and Reverse Repurchase Agreements	(58,955,000)	-	-
Advances Made	-	-	
Collection of Advances Made	4,103,000	-	-
Loan Proceeds from Due To Other Funds	-	100,766,000	189,560,947
Principal Payments on Due To Other Funds	-	(97,425,000)	(188,255,304)
Grants and Gifts Received for Other than Capital Purposes	-	12,066,000	67,648,950
State Appropriations	-	-	431,129,575
Agency Fund Cash Decrease	-	-	(1,195,660)
Grants Given for Other than Capital Purposes	-	(12,265,000)	(6,970,740)
Net Cash Provided by (Used for) Noncapital Financing Activities	37,928,000	147,722,341	511,843,550
Cash Flows from Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(630,000)	-	(178,104,645)
Proceeds from Sale of Capital Assets	-	-	2,244,462
Proceeds from Bonds	-	-	-
Proceeds from Sale of Notes and Other Borrowings	-	-	39,227,767
Principal Payments - Bonds	-	-	-
Principal Payments - Notes and Other Borrowings	-	-	(60,435,257)
Interest Payments - Bonds	-	-	-
Interest Payments - Notes and Other Borrowings	-	-	(12,328,344)
Capital Appropriations	-	-	110,629,833
Payment of Bond Issue Costs	-	-	-
Payment on Capital Leases	-	-	-
Interest Payments - Capital Leases	-	-	-
Premium Received on Bonds	-	-	-
Capital Grants and Gifts Received	-	-	27,466,071
Insurance Proceeds	-	-	505,032
Net Cash Provided by (Used for) Capital and Related Financing Activities	(630,000)	-	(70,795,081)
Cash Flows from Investing Activities:			
Proceeds from Sale and Maturities of Investment Securities	761,647,000	5,679,000	164,310,163
Purchase of Investment Securities	(500,567,000)	(10,006,000)	(150,719,918)
Net Increase In Investments	-	-	-
Interest and Dividends on Investments	48,736,000	690,000	6,938,196
Net Decrease in Loans	(503,146,000)	-	-
Disbursements for Loans and Loan Purchases	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Proceeds from Collection of Loans and Notes Receivable	14,332,000	-	-
Loan Income Received	152,835,000	-	-
Net Cash Provided by (Used for) Investing Activities	(26,163,000)	(3,637,000)	20,528,441

The Accompanying Notes are an Integral Part of the Financial Statements

(Continued on Next Page)

Business-Type Activities - Enterprise Funds			Governmental Activities
Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
$ 229,327,006	$ 807,881,854	$ 1,413,260,749	$ 5,313,546
-	-	318,399,573	-
-	84,041	84,041	-
-	19,161,699	26,398,430	-
-	242,481	242,481	97,658,371
-	-	140,390,010	-
14,838,995	481,736	38,698,441	-
(3,481,929)	(210,289)	(4,049,218)	(4,197,986)
-	(21,911,800)	(28,035,183)	-
-	-	(33,376,286)	-
-	(633,207,589)	(1,187,508,318)	(46,340,738)
(23,505,057)	(23,002,609)	(844,577,969)	(31,210,385)
(195,295,179)	(204,450,712)	(399,745,891)	(568,159)
(15,397,133)	(887,618)	(17,943,891)	-
-	(15,150)	(15,150)	3,583
6,486,703	(55,833,956)	(577,778,181)	20,658,232
-	-	264,668,000	-
-	20,600,000	635,600,000	-
-	-	(102,480,000)	-
-	(9,600,000)	(542,404,000)	-
-	(10,000)	(17,811,000)	-
-	(360,140)	(19,407,140)	-
-	-	4,638,826	-
-	63,285,000	83,674,297	959,500
-	(16,651,798)	(50,205,798)	-
-	-	(59,182,000)	-
-	-	130,713,000	-
-	-	(13,033,000)	-
-	-	(222,000)	-
-	-	(58,955,000)	-
-	-	-	(1,500,000)
-	-	4,103,000	-
-	-	290,326,947	-
-	(4,215,840)	(289,896,144)	-
-	1,097,563	80,812,513	-
-	-	431,129,575	-
-	-	(1,195,660)	-
-	-	(19,235,740)	-
-	54,144,785	751,638,676	(540,500)
(1,931,159)	(29,620,991)	(210,286,795)	(20,494,734)
-	76,000	2,320,462	3,808,616
-	1,945,000	1,945,000	-
-	-	39,227,767	-
-	(35,000)	(35,000)	-
-	-	(60,435,257)	-
-	(41,944)	(41,944)	-
-	-	(12,328,344)	-
-	462,815	111,092,648	-
-	(127,555)	(127,555)	-
-	-	-	(16,287)
-	-	-	(1,135)
-	175,726	175,726	-
-	-	27,466,071	-
-	-	505,032	-
(1,931,159)	(27,165,949)	(100,522,189)	(16,703,540)
23,000,000	32,937,000	987,573,163	1,132,758
(27,993,997)	(59,096,118)	(748,383,033)	-
-	616,312	616,312	-
-	4,169,231	60,533,427	385,103
-	-	(503,146,000)	-
-	(13,194,000)	(13,194,000)	-
-	1,248,000	1,248,000	-
-	4,616,612	18,948,612	-
-	1,086,771	153,921,771	-
(4,993,997)	(27,616,192)	(41,881,748)	1,517,861

The Accompanying Notes are an Integral Part of the Financial Statements

STATE OF NORTH DAKOTA

Statement of Cash Flows
Proprietary Funds (Continued)
For the Fiscal Year Ended June 30, 2016

	Business-Type Activities - Enterprise Funds		
	Bank of North Dakota	Housing Finance	University System
Net Change In Cash:			
Net Increase (Decrease) in Cash and Cash Equivalents	(8,831,000)	74,632,000	22,565,323
Cash and Cash Equivalents at June 30, 2015	405,090,000	144,802,000	162,130,330
Cash and Cash Equivalents at June 30, 2016	$ 396,259,000	$ 219,434,000	$ 184,695,653
Reconciliation:			
Current:			
Cash Deposits at the Bank of North Dakota	$ -	$ 4,181,000	$ 166,121,175
Cash and Cash Equivalents	396,259,000	-	15,409,269
Restricted Cash Deposits at the Bank of North Dakota	-	13,142,000	-
Restricted Cash and Cash Equivalents	-	202,111,000	-
Noncurrent:			
Restricted Cash Deposits At The Bank of North Dakota	-	-	3,154,839
Restricted Cash and Cash Equivalents	-	-	10,370
Cash and Cash Equivalents	$ 396,259,000	$ 219,434,000	$ 184,695,653
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:			
Operating Income (Loss)	$ 121,795,000	$ 8,300,659	$ (524,908,860)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:			
Depreciation	742,000	-	68,660,917
Amortization/Accretion	-	(771,000)	-
Reclassification of Interest Revenue\Expense	(168,024,000)	18,313,000	-
Gain on Sale of Student Loans	(201,000)	-	-
Net Increase in Fair Value of Investments	14,963,000	-	-
Interest Received on Program Loans	-	-	-
Dividend Credit Applied to Receivable	-	-	-
Receipt of Loan Principal Repayments	-	-	-
Provision for Losses	12,500,000	-	-
Other	-	23,000	10,503,067
Deferred Outflows	-	92,000	(798,717)
Deferred Inflows	-	(71,000)	(4,074,157)
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivable	-	(94,339,000)	5,580,481
(Increase) Decrease in Interest Receivable	-	(292,000)	-
(Increase) Decrease in Due From	4,210,000	19,000	-
(Increase) Decrease in Intergovernmental Receivable	-	23,000	-
(Increase) Decrease in Notes Receivable	-	-	1,363,975
(Increase) Decrease in Prepaid Items	-	(18,000)	-
(Increase) Decrease in Inventories	-	-	(729,949)
(Increase) Decrease in Other Assets	(5,473,000)	(1,357,000)	10,765,454
Increase (Decrease) in Accounts Payable	-	-	(13,573,866)
Increase (Decrease) in Claims\Judgments Payable	-	-	-
Increase (Decrease) in Intergovernmental Payable	-	(9,000)	-
Increase (Decrease) in Accrued Payroll	-	-	5,880,379
Increase (Decrease) in Compensated Absences Payable	-	29,000	132,976
Increase (Decrease) in Amounts Held for Others	-	671,000	-
Increase (Decrease) in Other Deposits	-	-	(800,142)
Increase (Decrease) in Due To	(17,000)	10,000	-
Increase (Decrease) in Unavailable Revenue	-	-	(1,053,213)
Increase (Decrease) in Net Pension Liability	-	51,000	4,040,068
Increase (Decrease) in Other Liabilities	(461,000)	(128,000)	-
Increase (Decrease) in Dividends Payable	-	-	-
Total Adjustments	(141,761,000)	(77,754,000)	85,897,273
Net Cash Provided by (Used for) Operating Activities	$ (19,966,000)	$ (69,453,341)	$ (439,011,587)
Noncash Transactions:			
Net Change in Fair Value of Investments	$ 28,645,000	$ (497,000)	$ (2,146,395)
Transfers from Net Position to Transfers Payable	(14,963,000)	-	-
Change in Securities Lending Collateral	-	-	-
Interest on Investments	-	-	-
Dividends Credited to Premium Billing	-	-	-
Accounts Receivable Premium Reduction	-	-	-
Assets Acquired Through Capital Lease	-	-	3,601,065
Assets Acquired Through Special Assessments	-	-	207,663
Expenses Paid by Capital Lease	-	-	832,160
Value Received on Trade of Capital Asset	-	-	-
Gifts of Capital Assets	-	-	1,549,545
Interest Revenue on Prize Reserves	-	-	-
Total Noncash Transactions	$ 13,682,000	$ (497,000)	$ 4,044,038

The Accompanying Notes are an Integral Part of the Financial Statements

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Workforce Safety and Insurance	Other Enterprise Funds	Total	Internal Service Funds
	(438,453)	(56,471,312)	31,456,558	4,932,053
	2,448,255	273,390,247	987,860,832	8,639,968
$	2,009,802	$ 216,918,935	$ 1,019,317,390	$ 13,572,021
$	2,009,802	$ 138,249,795	$ 310,561,772	$ 13,564,503
	-	73,822,302	485,490,571	7,518
	-	4,846,838	17,988,838	-
	-	-	202,111,000	-
	-	-	3,154,839	-
	-	-	10,370	-
$	2,009,802	$ 216,918,935	$ 1,019,317,390	$ 13,572,021
$	83,557,923	$ (67,457,484)	$ (378,712,762)	$ 5,960,594
	398,680	5,567,725	75,369,322	15,720,863
	-	290,112	(480,888)	-
	-	(1,055,929)	(150,766,929)	-
	-	-	(201,000)	-
	-	-	14,963,000	-
	-	35,000	35,000	-
	(136,968,985)	-	(136,968,985)	-
	-	3,935,000	3,935,000	-
	-	8,148,303	20,648,303	-
	-	58,658	10,584,725	6,489
	(59,178)	(785,327)	(1,551,222)	(70,590)
	(377,046)	68,530	(4,453,673)	(536,427)
	5,762,954	(13,692,615)	(96,688,180)	11,161
	-	(1,886)	(293,886)	-
	-	194,100	4,423,100	1,687,428
	-	1,125,490	1,148,490	1,177,241
	-	(262,700)	1,101,275	-
	220,408	(49,115)	153,293	(3,922,909)
	-	6,315,660	5,585,711	(26,393)
	-	42,346	3,977,800	-
	436,089	2,592,220	(10,545,557)	(3,656,609)
	15,064,115	1,718,486	16,782,601	2,888,829
	-	(740,180)	(749,180)	(53,858)
	-	(542,861)	5,337,518	186,475
	96,119	(77,530)	180,565	158,599
	-	56,532	727,532	-
	-	-	(800,142)	-
	(3,972)	(2,502,847)	(2,513,819)	6,514
	(15,751,951)	(99,209)	(16,904,373)	-
	328,990	1,322,719	5,742,777	1,120,825
	-	(37,154)	(626,154)	-
	53,782,557	-	53,782,557	-
	(77,071,220)	11,623,528	(199,065,419)	14,697,638
$	6,486,703	$ (55,833,956)	$ (577,778,181)	$ 20,658,232
$	19,403,106	$ 123,750	$ 45,528,461	$ 141,256
	-	-	(14,963,000)	-
	17,214,543	-	17,214,543	165,908
	46,245,738	-	46,245,738	-
	83,186,428	-	83,186,428	-
	(83,186,428)	-	(83,186,428)	-
	-	-	3,601,065	45,171
	-	-	207,663	-
	-	-	832,160	-
	-	14,212	14,212	-
	-	-	1,549,545	-
	-	370	370	-
$	82,863,387	$ 138,332	$ 100,230,757	$ 352,335

The Accompanying Notes are an Integral Part of the Financial Statements

Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds	Agency Funds
ASSETS				
Cash Deposits at the Bank of ND	$ 30,614,055	$ -	$ 6,783,204	$ 27,467,353
Cash and Cash Equivalents	-	-	2,110,370	11,999,147
Receivables:				
Contributions Receivable	40,472,091	-	-	-
Accounts Receivable - Net	-	-	71,947	11,103,209
Taxes Receivable - Net	-	-	-	30,156,385
Interest Receivable - Net	15,539,825	321,030	2,342	25
Due from Other Funds	360,714	-	13	-
Due from Fiduciary Funds	378,538	-	-	-
Total Receivables	56,751,168	321,030	74,302	41,259,619
Investments, at Fair Value:				
Investments at the Bank of ND	-	-	21,619	30,542,224
Equity Pool	2,545,337,919	108,102,534	-	-
Fixed Income Pool	1,140,430,743	71,234,560	1,170,703	141,400
Cash and Cash Pool	58,201,201	1,976,775	-	-
Real Estate Pool	829,534,301	35,932,514	-	-
Alternative Investments	153,312,909	6,027,040	-	-
Annuities	116,397	-	-	-
Mutual Funds	86,111,457	-	388,755,541	-
Total Investments	4,813,044,927	223,273,423	389,947,863	30,683,624
Invested Securities Lending Collateral	44,562,868	2,390,031	39,249	-
Capital Assets (Net of Depreciation)	3,167,982	-	-	-
Total Assets	4,948,141,000	225,984,484	398,954,988	111,409,743
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	168,324	-	-	-
Total deferred outflows of resources	168,324	-	-	-
LIABILITIES				
Accounts Payable	6,185,466	197,848	846,606	-
Accrued Payroll	169,785	-	-	-
Securities Lending Collateral	44,562,868	2,390,031	39,249	-
Intergovernmental Payable	-	-	-	60,721,486
Tax Refunds Payable	-	-	-	130,760
Due to Other Funds	44,772	-	-	-
Due to Fiduciary Funds	378,624	-	-	-
Amounts Held in Custody for Others	19,176			50,557,497
Compensated Absences Payable	177,282	-	-	-
Total Liabilities	51,537,973	2,587,879	885,855	111,409,743
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	70,310	-	-	
Total deferred inflows of resources	70,310	-	-	-
NET POSITION				
Net Position Restricted for:				
Pension Benefits	4,895,129,766	-	-	-
Other Employee Benefits	1,571,275	-	-	-
External Investment Pool Participants	-	223,396,605	-	-
Other Purposes	-	-	398,069,133	-
Total Net Position Restricted for Pension Benefits and Other Purposes	$ 4,896,701,041	$ 223,396,605	$ 398,069,133	$ -

Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Fiscal Year Ended June 30, 2016

	Pension and Other Employee Benefit Trust Funds	Investment Trust Funds	Private-Purpose Trust Funds
ADDITIONS			
Contributions:			
Employer	$ 175,320,117	$ -	$ -
Employee	167,488,716	-	-
From Participants	-	-	41,356,876
Transfers from Other Funds	24,300,746	-	-
Transfers from Other Plans	1,180,726	-	-
Donations	-	-	2,311
Total Contributions	368,290,305	-	41,359,187
Investment Income:			
Net Change in Fair Value of Investments	(82,553,386)	(3,175,054)	(8,348,018)
Interest and Dividends	118,998,538	5,278,759	8,357,370
Less Investment Expense	13,838,526	622,488	-
Net Investment Income	22,606,626	1,481,217	9,352
Securities Lending Activity:			
Securities Lending Income	595,044	34,465	97
Less Securities Lending Expense	60,907	6,891	-
Net Securities Lending Income	534,137	27,574	97
Repurchase Service Credit	12,330,497	-	-
Miscellaneous Income	994,564	-	-
Total Additions	404,756,129	1,508,791	41,368,636
DEDUCTIONS			
Benefits Paid to Participants	342,875,415	-	-
Refunds	13,410,990	-	-
Prefunded Credit Applied	9,329,881	-	-
Transfer to Other Plans	24,296,696	-	-
Payments in Accordance with Trust Agreements	-	-	34,739,897
Administrative Expenses	6,496,152	-	3,108,532
Total Deductions	396,409,134	-	37,848,429
Redemption of Units at Net Asset Value of $1.00 Per Unit	-	(6,412,806)	-
Change in Net Position Held in Trust for:			
Pension Benefits	8,554,568	-	-
Other Employee Benefits	(207,573)	-	-
External Investment Pool Participants	-	(4,904,015)	-
Other Purposes	-	-	3,520,207
Total Change in Net Position	8,346,995	(4,904,015)	3,520,207
Net Position - Beginning of Year	4,888,354,046	228,300,620	394,548,926
Net Position - End of Year	$ 4,896,701,041	$ 223,396,605	$ 398,069,133

The Accompanying Notes are an Integral Part of the Financial Statements

Combining Statement of Net Position
Component Units - Proprietary Funds
(Excludes FASB Based Component Units)
June 30, 2016

	CHAND	Historical Foundation	Public Finance Authority	ND Development Fund	Total
ASSETS					
Current Assets:					
Cash and Cash Equivalents	$ 4,369,481	$ 818,654	$ -	$ 14,373,927	$ 19,562,062
Investments	-	107,934	-	397,421	505,355
Accounts Receivable - Net	19,866	751,435	-	-	771,301
Interest Receivable - Net	-	-	-	65,531	65,531
Due from Primary Government	-	-	30,000	-	30,000
Loans and Notes Receivable - Net	-	-	-	6,423,022	6,423,022
Restricted Cash and Cash Equivalents	-	-	46,346,000	-	46,346,000
Restricted Investments	-	-	148,808,000	-	148,808,000
Restricted Interest Receivable - Net	-	-	4,996,000	-	4,996,000
Total Current Assets	4,389,347	1,678,023	200,180,000	21,259,901	227,507,271
Noncurrent Assets:					
Restricted Investments	-	-	742,974,000	-	742,974,000
Investments	-	259,163	-	-	259,163
Due from Primary Government	-	-	350,000	-	350,000
Loans and Notes Receivable - Net	-	-	-	3,433,158	3,433,158
Other Noncurrent Assets	-	183,038	-	-	183,038
Capital Assets:					
Depreciable, Net	-	9,061	-	10,872	19,933
Total Noncurrent Assets	-	451,262	743,324,000	3,444,030	747,219,292
Total Assets	4,389,347	2,129,285	943,504,000	24,703,931	974,726,563
DEFERRED OUTFLOWS OF RESOURCES					
Deferred loss on bond refunding	-	-	4,196,000	-	4,196,000
Derived from Pensions	-	-	28,000	-	28,000
Total Deferred Outflows of Resources	-	-	4,224,000	-	4,224,000
LIABILITIES					
Current Liabilities:					
Accounts Payable	1,276,594	11,225	139,000	27,391	1,454,210
Accrued Payroll	-	5,076	-	-	5,076
Interest Payable	-	-	3,837,000	-	3,837,000
Intergovernmental Payable	-	-	6,000	-	6,000
Compensated Absences Payable	-	24,147	-	-	24,147
Bonds Payable	-	-	23,230,000	-	23,230,000
Unearned Revenue	85,859	44,000	-	-	129,859
Total Current Liabilities	1,362,453	84,448	27,212,000	27,391	28,686,292
Noncurrent Liabilities:					
Intergovernmental Payable	-	-	12,000	-	12,000
Bonds Payable	-	-	456,365,000	-	456,365,000
Net Pension Liability	-	-	122,000	-	122,000
Other Noncurrent Liabilities	-	158,334	-	-	158,334
Total Noncurrent Liabilities	-	158,334	456,499,000	-	456,657,334
Total Liabilities	1,362,453	242,782	483,711,000	27,391	485,343,626
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	-	-	28,000	-	28,000
Total Deferred Inflows of Resources	-	-	28,000	-	28,000
Net Position					
Net Investment in Capital Assets	-	9,061	-	10,872	19,933
Restricted for:					
Capital Projects	-	1,417,570	-	-	1,417,570
Debt Service	-	-	152,588,000	-	152,588,000
Loan Purposes	-	-	309,298,000	-	309,298,000
Endowment Funds-Nonexpendable	-	127,000	-	-	127,000
Unrestricted	3,026,894	332,872	2,103,000	24,665,668	30,128,434
Total Net Position	$ 3,026,894	$ 1,886,503	$ 463,989,000	$ 24,676,540	$ 493,578,937

Combining Statement of Activities
Component Units - Proprietary Funds
(Excludes FASB Based Component Units)
For the Fiscal Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue	Change in Net Position	Net Position Beginning of Year	Net Position End of Year
CHAND	7,562,568	4,714,983	600,661	$ (2,246,924)	$ (2,246,924)	$ 5,273,818	$ 3,026,894
Historical Foundation	1,222,380	268,264	179,107	(775,009)	(775,009)	2,661,512	1,886,503
Public Finance Authority	20,887,000	3,524,000	36,924,000	19,561,000	19,561,000	444,428,000	463,989,000
ND Development Fund	2,546,235	938,478	19,993	(1,587,764)	(1,587,764)	26,264,304	24,676,540
Total Component Units	$ 32,218,183	$ 9,445,725	$ 37,723,761	$ 14,951,303	$ 14,951,303	$ 478,627,634	$ 493,578,937

The Accompanying Notes are an Integral Part of the Financial Statements

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NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The primary authority for the State's accounting and reporting requirements is the Office of Management and Budget. The Office of Management and Budget has adopted the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the State's accounting policies are as follows:

A. REPORTING ENTITY

For financial reporting purposes, the State of North Dakota has included all funds, organizations, agencies, boards and commissions that make up its legal entity. The State has also included all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the State are such that exclusion would cause the State's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the State to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the State.

As required by accounting principles generally accepted in the United States of America, these financial statements present the State of North Dakota (the primary government) and its component units. The component units are included in the State's reporting entity because of the significance of their operational or financial relationships with the State.

BLENDED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are so intertwined with the State that they are, in substance, the same as the State. They are reported as part of the State and blended into the appropriate fund types.

Building Authority (Debt Service Fund and Capital Projects Fund) - The Building Authority was created by the Legislature as a separate instrumentality of the State. Its purpose is to promote the general welfare of the citizens of the State by providing financing for use by the State in altering, repairing, maintaining or constructing buildings and making any improvements connected to State buildings. The Industrial Commission, which consists of the governor, the attorney general, and the commissioner of agriculture, is the governing board of the Building Authority. The funds of the Building Authority were audited by other independent auditors for the fiscal year ended June 30, 2016, and their report has been previously issued under a separate cover.

DISCRETELY PRESENTED COMPONENT UNITS

These component units are entities that are legally separate from the State, but are financially accountable to the State. The component units' columns of government-wide financial statements include the financial data of these entities.

MAJOR COMPONENT UNITS

Comprehensive Health Association (Proprietary Fund Type) - The Association was established by the Legislature with participating membership consisting of those insurance companies, licensed or authorized to do business in the State. It provides low cost access to health insurance coverage for residents of the State who are denied adequate health insurance and are considered uninsurable. The Association is governed by a board of eight members of which five are representatives of the State and is regulated by the State Insurance Department. The Association was audited by other independent auditors for the calendar year ended December 31, 2015, and their report has been previously issued under a separate cover.

Public Finance Authority (Proprietary Fund Type) - The Finance Authority was created by the Legislature as a separate agency of the State. The purpose of the Finance Authority is to make funds available for borrowing by North Dakota political subdivisions through the issuance of its bonds and the purchase of municipal securities of the political subdivisions. The Finance Authority has been granted all powers required in order to accomplish this purpose and is under the control and management of the Industrial Commission. The Fund was audited by other independent auditors for the calendar year ended December 31, 2015, and their report has been previously issued under a separate cover.

North Dakota Development Fund, Inc. (Proprietary Fund Type) - The Development Fund was established as a statewide nonprofit development corporation with the authority to take equity positions in; to provide loans to; or to use other innovative financing mechanisms to provide capital for new or expanding businesses in North Dakota or relocating businesses to North Dakota. A board of directors consisting of eight members, all of whom are appointed by the governor, manages the corporation. The deputy director of the Department of Commerce (a State agency) is the corporation's chief executive officer. The director of the Department of Commerce (governor-appointed cabinet position) is responsible for developing rules, subject to the approval of the board of directors, necessary to implement the administration of the corporation. The Fund was audited by other independent auditors for the fiscal year ended June 30, 2016, and their report has been previously issued under a separate cover.

State Historical Society of North Dakota Foundation – The mission of the State Historical Society of North Dakota Foundation is to provide fundraising and membership development activities to support the State Historical Society of North Dakota and its people. The Fund of the State Historical Society of North Dakota Foundation were audited by other independent auditors for the fiscal year ended June 30, 2016, and their report has been previously issued under a separate cover.

Major and Non-major University System Foundations (Proprietary Fund Type) – The foundations are legally separate, tax-exempt organizations providing support and recognition to the respective colleges and universities through a variety of programs and activities. The foundations are normally managed by a board of directors made up primarily of alumni, friends or leading members of the communities. The component unit financial statements are presented under Financial Accounting Standards Board (FASB) standards. As such, certain disclosures are not reflected for the Major University System Foundation in the major component unit disclosures and no disclosures are included for the Non-major University System Foundation. A complete set of financial statements can be obtained at the North Dakota University System office at 600 E. Boulevard Avenue, #10, Bismarck, ND 58505.

Complete financial statements for each of the other individual component units may be obtained at the entity's administrative offices as follows:

Building Authority
600 E. Boulevard Ave., 14th Floor
Bismarck, ND 58505-0840

Comprehensive Health Association
4510 13th Avenue South
Fargo, ND 58121

Public Finance Authority
1200 Memorial Highway
Bismarck, ND 58504

North Dakota Development Fund, Inc.
1833 E. Bismarck Expressway
Bismarck, ND 58504

State Historical Society of North Dakota Foundation
P.O. Box 1976
Bismarck, ND 58502

B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The Statement of Net Position and Statement of Activities report information on all non-fiduciary activities of the primary government and its component units. Primary government activities are distinguished between governmental and business-type activities.

Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Position presents the reporting entity's non-fiduciary assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Net position is reported in three categories:

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

Restricted net position result when constraints placed on net position use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation. Net position restricted by enabling legislation are subject to change by a majority vote of the Legislative Assembly.

Unrestricted net position consist of net position that do not meet the definition of the two preceding categories. Unrestricted net position often are designated, to indicate that management does not consider them to be available for general operations. Unrestricted net position often have constraints on resources which are imposed by management, but can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are instead reported as general revenue.

FUND FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide statements. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements, with non-major funds being combined into a single column.

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide statements are reported using the economic resources management focus and the accrual basis of accounting, as are the proprietary and fiduciary fund (agency funds are excluded as they have no measurement focus) financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows.

The State follows the pronouncements of the Governmental Accounting Standards Board (GASB), which is the nationally accepted standard-setting body for establishing accounting principles generally accepted in the United States of America for governmental entities.

Governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as they become susceptible to accrual; generally when they are both measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period.

The State considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal year end. Other revenues are considered to be available if received within one year after the fiscal year end. Major revenues that are determined to be susceptible to accrual include interest, federal grants-in-aid, and taxpayer-assessed taxes such as income, sales, corporate, excise, motor fuel taxes and unemployment compensation contributions. Revenues earned under the terms of reimbursement agreements with other governments or private sources are recorded at the time the related expenditures are made if other eligibility requirements have been met. Sales and use taxes are accrued based upon filings received and an estimate of filings due by June 30. Net income taxes from individuals and corporations are accrued based on current income earned by the taxpayer before June 30. Quarterly filings, withholding statements, and other historical data are used to estimate income. The revenue is accrued net of an allowance for uncollectible taxes. Deferred revenue is recorded for receivables that are measurable but not available at year-end.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to debt service, compensated absences, and claims and judgments, are recorded only when payment is due and payable.

FINANCIAL STATEMENT PRESENTATION

The State reports the following major governmental funds:

The General Fund is the principal operating fund of the State.

The Federal Fund accounts for all the financial resources from the federal government.

The State Special Revenue Fund accounts for activities from state sources, which are restricted legally or administratively for the particular costs of an agency or program.

The State reports the following major enterprise funds:

The Bank of North Dakota Fund finances economic development throughout the state, participates in loans with North Dakota financial institutions, and holds interest-bearing deposit accounts for state and political subdivisions of North Dakota.

The Housing Finance Agency Fund is authorized to issue bonds to make loans to mortgage lenders for qualified residential mortgage loans and to make mortgage and construction loans for multi-family housing within the State of North Dakota.

The University System Fund accounts for all financial transactions of the colleges and universities that compose the University System of North Dakota.

The Workforce Safety & Insurance Fund is financed entirely by premiums assessed to the employers of North Dakota and provides no-fault medical and disability insurance to all North Dakota employees.

Additionally, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

General Fund accounts for all governmental financial resources, except for those required to be accounted for in other funds.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent Funds report resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry, such as the common schools within the state.

PROPRIETARY FUND TYPES

Enterprise Funds account for those business-like State activities that provide goods/services to the public, financed primarily through user charges. They are also used to account for operations where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability and other purposes. The State's loan programs, Mill and Elevator, and Fair are reported in this type.

Internal Service Funds account for the financing of goods and/or services provided by one department or agency to another department or agency of a government, or to other governments, on a cost-reimbursement basis. These goods and services include motor pool services; printing, reproduction and mailing services; information technology; and risk management services. In the government-wide statements, internal service funds are included with governmental activities.

FIDUCIARY FUND TYPES

Pension and Other Employee Benefits Trust Funds account for resources that are required to be held in trust for the members and beneficiaries of the State's defined benefit pension plans, defined contribution plan, deferred compensation plan, flexcomp plan, and other post-employment benefit plans.

Investment Trust Funds account for the transactions, assets, liabilities, and fund equity of the external pool participants (City of Bismarck, ND Association of Counties, and City of Fargo Fargodome Retirement and Investment Office Investments). The State Investment Board (SIB) provides administrative services for the external pool participants. SIB issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 1930 Burnt Boat Drive, Bismarck, North Dakota 58503. Investment Trust Funds are accounted for in essentially the same manner as Proprietary Funds.

Private Purpose Trust Funds account for resources of all other trust arrangements in which principal and income benefit individuals, private organizations, or other governments. Examples include student donations, the State's college savings plan, and a remediation trust.

Agency Funds account for assets held by the State as an agent for other governmental units, or other organizations, and do not involve measurement of results of operations.

D. GENERAL BUDGETARY POLICIES AND PROCEDURES

The State operates through a biennial appropriation that represents departmental appropriations recommended by the governor and presented to the Legislative Assembly at the beginning of each legislative session. The Legislative Assembly enacts the budgets of the various state departments through passage of specific appropriation bills. The governor has line item veto powers over all appropriations subject to legislative override.

Once passed and signed, the appropriation bill becomes the departments' financial plan for the next two years. Changes to the appropriation are limited to Emergency Commission authorization, initiative, allotment, or referendum action. The Emergency Commission can authorize receipt of federal or other moneys not appropriated by the Assembly if the Assembly did not indicate intent to reject the money. The Emergency Commission may authorize pass-through federal funds from one state agency to another. The Emergency Commission may authorize the transfer of expenditure authority between appropriated line items. The Legislature has also passed appropriation laws that authorize directors of certain state agencies to transfer appropriation authority among the various divisions of their specific agency, subject to the Budget Section of the North Dakota Legislative Council's approval. Unexpended appropriations lapse at the end of each biennium, except certain capital expenditures covered under the North Dakota Century Code (NDCC) section 54-44.1-11 and the University System's unexpended general fund appropriation authority.

The State's biennial budget is prepared primarily on a cash basis. The State does not use encumbrance accounting. The legal level of budgetary control is at the agency, appropriation, funding source and expenditure line item level, with administrative controls established at lower levels of detail in certain instances. The State does not formally budget revenues, and it does not budget by fund. The State appropriation is defined through the use of specific expenditure line items. Capital appropriations are generally made at the agency and project level.

North Dakota's Appropriation Act does not present budgets by GAAP fund. Instead, it authorizes General Fund appropriation authority by agency and Other Budgeted Income appropriation authority by agency. Other budgeted income includes all budgeted resources, other than the General Fund, and includes some governmental, proprietary, and fiduciary fund activities.

During the 2015-2017 biennium, there were general, federal and other funds supplemental appropriations totaling $315,102,202.

E. CASH AND CASH EQUIVALENTS

Cash and cash equivalents for reporting purposes includes cash and short-term, highly liquid investments that are readily convertible to known amounts of cash and so near their maturity that they present insignificant risk of changes in value because of changes in interest rates. This includes investments with original maturity of three months or less. Also cash, as reported, may be under the control of the State Treasurer or by other administrative bodies as determined by law. Cash and cash equivalents are presented on the fund balance sheets as "Cash Deposits at the Bank of North Dakota" and "Cash and Cash Equivalents" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

Cash Deposits at the Bank of North Dakota. State agency cash balances, as required by law, are pooled by the State Treasurer and deposited in the Bank of North Dakota, an enterprise fund. These cash balances, in addition to other agency cash deposited at the Bank of North Dakota, are included on the fund balance sheets as "Cash Deposits at the Bank of North Dakota". For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

Cash and Cash Equivalents. All cash and cash equivalents, (other than cash deposits at the Bank of North Dakota), as permitted by the North Dakota Century Code, are included on the Government-wide Statement of Net Position as "Cash and Cash Equivalents".

The State had no cash overdrafts from pooled cash and investments at June 30, 2016.

All interest revenue is allocated to the General Fund unless state law (as outlined in the North Dakota Century Code) requires allocations of interest to other funds.

F. INVESTMENTS

Investments are reported at fair value. Quoted market prices, when available, have been used to value investments. The fair value for securities that have no quoted market price represent estimated fair value. International securities are valued based upon quoted foreign market prices and translated into U.S. dollars at the exchange rate in effect at June 30. In general, corporate debt securities have been valued at quoted market prices or, if not available, values are based on yields currently available on comparable securities of issuers with similar credit ratings. Mortgages have been valued on the basis of their future principal and interest payments discounted at prevailing interest rates for similar instruments. The fair value of real estate investment securities, including timberland, is based on appraisals plus fiscal year-to-date capital transactions. Publicly traded alternative investments are valued based on quoted market prices. When not readily available, alternative investment securities are valued using current estimates of fair value from the investment manager. Such valuations consider variables such as financial performance of the issuer, comparison of comparable companies' earnings multiples, cash flow analysis, recent sales prices of investments, withdrawal restrictions, and other pertinent information. Because of the inherent uncertainty of the valuation for these other alternative investments, the estimated fair value may differ from the values that would have been used had a ready market existed.

The net change in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment sold.

Unrealized gains and losses are computed based on changes in the fair value of investments between years. Security transactions are currently accounted for on a trade date basis. Interest income is recorded when earned. Dividend income is recorded on the ex-dividend date. All investments are maintained separately by fund.

Purchases of other state funds' debt issues by the Bank of North Dakota have been recorded as normal business transactions if they are the result of arms-length transactions.

Investments are presented on the fund balance sheets as "Investments at the Bank of North Dakota" and "Investments" to present the unique nature of the relationship between the Bank of North Dakota, an enterprise fund, and other state agencies.

Investments at the Bank of North Dakota. State agency investments, primarily certificates of deposits of the Bank of North Dakota, are included on the fund balance sheets as "Investments at the Bank of North Dakota." For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

Investments. State agency investments invested at financial institutions other than the Bank of North Dakota are included on the Government-wide Statement of Net Position as "Investments." Differences on the Fund Balance Sheets between the assets, "Cash at the Bank of North Dakota" and "Investments at the Bank of North Dakota," and the liability, "Deposits Held for Other Funds," is attributable to timing differences resulting from the Bank of North Dakota having a different fiscal year end than many of the other state agencies.

G. SECURITIES LENDING

GASB Statement No. 28 "Accounting and Financial Reporting for Securities Lending Transactions," establishes accounting and financial reporting standards for securities lending transactions. The standard requires governmental entities to report securities lent as assets in their statements of net position. Cash received as collateral and investments made with that cash must also be reported as both an asset and a liability. The statement also requires the costs of the securities lending transactions to be reported as expenses separately from income received. In addition, the statement requires disclosures about the transactions and collateral related to them.

The Agent lends securities of the type on loan at June 30, 2016, for collateral in the form of cash, U.S. government securities and irrevocable letters of credit. U.S. securities are loaned versus collateral valued at 102% of the market

value of the securities plus accrued interest. Non-U.S. securities are loaned versus collateral valued at 105% of the market value of the securities plus accrued interest.

Non-cash collateral cannot be pledged or sold unless the borrower defaults. All securities can be terminated on demand by either the lender or the borrower, although the average term of the loans State's loans was approximately 69 days as of June 30, 2016. Cash open collateral is invested in a short term investment pool, which had an interest sensitivity of 1 day as of this statement date. This pool is valued based on amortized cost. There were no violations of legal or contractual provisions, no borrower or lending agent default losses known to the securities lending agent. There are no dividends or coupon payments owing on the securities lent. Securities lending earnings are credited to participating clients on approximately the fifteenth day of the following month.

Indemnification deals with the situation in which a client's securities are not returned due to the insolvency of a borrower and the Agent has failed to live up to its contractual responsibilities relating to the lending of those securities. The Agent's responsibilities include performing appropriate borrower and collateral investment credit analyses, demanding adequate types and levels of collateral, and complying with applicable Department of Labor and Federal Financial Institutions Examination Council regulations concerning securities lending.

For securities loaned at fiscal year end, the State has no credit risk exposure to borrowers because the amounts the State owes the borrowers exceeds the amounts the borrowers owe the State.

The State cannot pledge or sell collateral securities received unless the borrower defaults.

H. INTERFUND ACTIVITY AND BALANCES

INTERFUND ACTIVITY

As a general rule, the effect of interfund activity has been eliminated from the government-wide statements. Exceptions to this rule are: 1) activities between funds reported as governmental activities and funds reported as business-type activities and 2) activities between funds that are reported in different functional categories in either the governmental or business-type activities column. Elimination of these activities would distort the direct costs and program revenues for the functions concerned.

In the fund financial statements, transfers represent flows of assets (such as goods or cash) without equivalent flows of assets in return or a requirement for repayment. Residual transfer amounts exist in the Government-wide Statement of Activities due to different fiscal year ends of various agencies included in business-type activities.

INTERFUND BALANCES

Interfund receivables and payables have been eliminated from the Statement of Net Position, except for the residual amounts due between governmental and business-type activities.

I. INVENTORIES AND PREPAID ITEMS

Inventories of Governmental Funds are valued at cost and are recognized principally using the average cost method. Generally, the cost of Governmental Funds' inventories is recorded as an expenditure when consumed rather than when purchased.

Inventories of Proprietary Funds consist primarily of grain inventories from the North Dakota Mill and Elevator Association. Grain inventories are valued at the June 30 Minneapolis grain market values less freight costs to Minneapolis. Flour, feed and resale inventories are valued at ingredient cost plus manufacturing costs incurred in their production. Proprietary Funds expense the cost of consumable supplies when used.

Generally, inventories of University System Funds are valued at the lower of cost or fair market value. Cost is generally determined on the first in/first out, or moving weighted average method. Inventories consist of food, books, and other merchandise held for resale in auxiliaries and unrestricted physical plant supplies.

Prepaid items reflect payments for costs applicable to future accounting periods.

Other government fund inventories and prepaid items are reflected as a reservation of fund balance on the balance sheet.

J. BOND PREMIUMS / DISCOUNTS

Bond premiums and discounts for proprietary fund types are deferred and amortized over the term of the bonds using the bonds outstanding method, which approximates the effective interest method. The unamortized discount is shown on the balance sheet as a reduction of the bonds payable, and the amortization is included in the statement of revenues, expenses and changes in fund balance as interest expense.

K. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, intangibles (software, easements and other), construction in progress and infrastructure assets, are valued at historical cost or at estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair market value on the date of donation. Where necessary, estimates of original cost are derived by factoring price levels from the current period to the time of acquisition. Library books are not capitalized as capital assets except for the University System.

All other capital assets with an original cost of $5,000 or more per unit and an estimated useful life in excess of one year are capitalized and reported in the applicable government or business-type activities columns in the government-wide financial statements. Exceptions include: infrastructure reported by the Department of Transportation, the threshold is $100,000; intangible assets such as easements, water rights, patents and trademarks, the threshold is $25,000; and software internally developed, the threshold is $50,000. Capital asset costs include the purchase price or construction cost, plus the costs necessary to place the asset in its intended location and condition for use. In governmental activities, interest costs on self-constructed assets are not capitalized. In business-type activities, interest costs (if material) on self-constructed assets are also included in the cost. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. Capitalized interest is amortized on the straight-line basis over the estimated useful life of the asset. Normal maintenance and repair costs that do not materially add to the value or extend the life of the asset are not capitalized.

Collections of works of art and historical treasures are not capitalized if the following three criteria are met: (1) Held for public exhibition, education, or research in furtherance of public service, rather than financial gain; (2) Protected, kept unencumbered, cared for, and preserved; (3) Subject to organizational policy that requires the proceeds from sales of collection items to be used to acquire other items for collections. The State's non-capitalized collections include the historical artifacts at the various state museums and historical sites, and monuments and other art throughout the capital grounds. Assets that do not meet all three criteria, or that were capitalized as of June 30, 1999, are capitalized and included in the government-wide financial statements.

Infrastructure consists of major statewide public systems and items attached thereto such as freeways, freeway lighting systems, freeway drainage systems, freeway signs, bridges, bridge lighting systems, and sewer systems, including those infrastructure assets acquired prior to June 30, 1980. Infrastructure is reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The Department of Transportation uses the first-in first-out method to remove the capitalized cost of a replaced road along with corresponding accumulated depreciation.

Capital assets in Governmental Funds are recorded as expenditures in the funds used to acquire or construct them in the governmental fund financial statements. Capital assets, along with accumulated depreciation and depreciation expense, which includes amortization of intangible assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Land and construction in progress are not depreciated. With the exception of infrastructure reported by the Department of Transportation (which uses the composite method), other capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	10-50
Infrastructure	10-50
Furniture, Automobiles, and Equipment	3-20
Intangibles	3-99

L. DEFERRED OUTFLOWS OF RESOURCES

Deferred outflow of resources represents a consumption of net position by the government that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of

resources are reported in the applicable governmental or business-type activities columns, or in the component units column on the government-wide Statement of Net Position.

M. LEASE COMMITMENTS

The State leases land, office facilities, office and computer equipment, and other assets. Leases are classified according to GASB 62. Many of these leases have fiscal funding clauses; however, these clauses have no effect on classifying these leases for accounting purposes. Leases which represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial statements at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease.

N. FEDERAL FUNDS PURCHASED

Federal Funds Purchased represent federal funds borrowed by the Bank of North Dakota from member banks generally on an overnight basis at the federal funds rate.

O. CLAIMS/JUDGMENTS PAYABLE

Claims/Judgments Payable is primarily Workers Compensation Claims Incurred But Not Yet Reported (IBNR) by the claimants as well as claims related to various litigation matters.

P. COMPENSATED ABSENCES

ANNUAL LEAVE

State employees accrue vested annual leave at a variable rate based on years of service. Teachers employed by the State do not receive annual leave. In general, accrued annual leave cannot exceed 30 days at each year end, as set by the agency. The amount of annual leave earned ranges between one and two days per month, and is fixed by the employing unit per section 54-06-14 of the NDCC.

The governmental fund financial statements recognize annual leave when the liability is incurred and payable from available expendable resources. This normally occurs only if an employee has unused reimbursable leave still outstanding at the time of their retirement or resignation. The government-wide financial statements present the cost of accumulated annual leave as a liability. Proprietary and Fiduciary Funds recognize the expense and accrued liability when the annual leave is earned.

SICK LEAVE

The North Dakota Century Code, section 54-06-14, states employees accrue sick leave at the rate of one to a maximum of one and one-half working days per month of employment without limitation on the amount that can be accumulated. Employees vest at ten years of creditable service, at which time the State is liable for ten percent of the employee's accumulated unused sick leave. The governmental fund financial statements recognize sick leave as it is incurred. The government-wide financial statements present the estimated cost of sick leave as a liability after an employee has been employed by the State for five consecutive years.

Q. DEPOSITS

The following two liability line items are presented in the Government-wide Statement of Net Position and/or fund financial statements:

Deposits Held For Other Funds. "Deposits Held for Other Funds" are those deposits held by the Bank of North Dakota for other funds included in the reporting entity and shown on the fund financial statements. For purposes of the Government-wide Statement of Net Position, these amounts have been reclassified to internal balances.

Other Deposits. "Other Deposits" are those deposits held by the Bank of North Dakota for non-reporting entity third parties. It also includes deposits held for students of the University System.
Differences on the fund balance sheets between the liability "Deposits Held for Other Funds" and the assets "Cash Deposits and Investments at the Bank of North Dakota" are attributable to timing differences resulting from the Bank of North Dakota having a different accounting year end than many other state agencies.

R. REVENUES AND EXPENDITURES/EXPENSES

In the Government-wide Statement of Activities, revenues and expenses are segregated by activity (governmental or business-type), then further by function for governmental activities (e.g., general government, education, health and human services, etc.). Additionally, revenues are classified between program and general revenues. Program revenues include 1) charges to customers or applicants for goods or services, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues, rather than as program revenue. General revenues include all taxes. Certain indirect costs are included in the program expenses reported for individual functions.

In the government-wide financial statements, revenues are reported by source and are further classified as either "general purpose" or "restricted". General purpose revenues are available to fund any activity accounted for in the fund. Restricted revenues are, either by State law or by outside restriction (e.g., federal grants), available only for specified purposes. When both general purpose and restricted funds are available for use, it is the State's policy to use restricted resources first. In the governmental fund financial statements, expenditures are reported by character: "Current," "Intergovernmental-revenue Sharing," "Capital Outlay," or "Debt Service." Current expenditures are sub-classified by function and are for items such as salaries, grants, supplies, and services.

Capital outlay includes expenditures for real property or infrastructure (e.g., highways). Intergovernmental-revenue sharing accounts for the distribution of certain tax revenues that are shared with local units based upon constitutional and statutory requirements. Debt service includes both interest and principal outlays related to bonds and payments on capitalized leases.

Revenues and expenses of proprietary funds are classified as operating or nonoperating and are sub classified by object (e.g., salaries, depreciation, and purchases for resale). Operating revenues consist of sales of goods and services, quasi-external operating transactions with other funds, grant revenues for specific activities that are considered to be operating activities of the grantor, receipts from other agencies for reimbursement of operating transactions, and other miscellaneous revenue that should be classified as operating. Grants that would qualify as an operating activity are those that do not subsidize an existing program, rather they finance a program the agency would otherwise not undertake. For certain loan and investment programs, revenue that would normally be classified as non-operating should be classified as operating. Examples of this would include interest and investment income. All other revenues that do not meet the above criteria should be classified as non-operating.

S. PENSIONS

For purposes of measuring the net pension liability and deferred outflows/inflows related to pension, and pension expense, information about the fiduciary net position of the North Dakota Public Employee Retirement System (PERS) and additions to / deductions from PERS's fiduciary net position have been determined on the same basis as they are reported for PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The primary government's proportionate share of pension amounts were further reallocated to the propriety funds (business-type activities) based on the amount of employer contributions paid by each proprietary fund. Pension investments are reported at fair value.

T. DEFERRED INFLOWS OF RESOURCES

Deferred inflows of resources represent an acquisition of net position that applies to a future period, and so will not be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources are reported in the applicable governmental or business-type activities columns or in the component units column on the government-wide Statement of Net Position. Deferred inflows of resources of governmental funds, proprietary fund, and discrete component units are reported in detail in their respective fund statements.

U. NET POSITION/FUND BALANCE

The difference between fund assets and liabilities is "Net Position" on the government-wide, proprietary, and fiduciary fund statements, and "Fund Balance" on governmental fund statements.

CLASSIFICATIONS

Fund balance classifications for governmental funds are reported in two general classifications, nonspendable and spendable. Nonspendable represents the portion of fund balance that is not in spendable form such as inventories and prepaids. Spendable fund balance is further categorized as restricted, committed, assigned, and unassigned.

The restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by the State constitution and external parties, such as the federal government, or through enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority, the state's legislature, through legislation, that is not considered as enabling legislation, passed into law.

Assigned fund balance classifications are used when the amounts are to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. The assignment of fund balance is generally initiated by the executive branch and later appropriated by the Legislature for a specific purpose. In governmental funds other than the general fund, assigned fund balance also represents the remaining amount that is not restricted or committed.

Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications. In other funds, the unassigned classification would only be used to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The State generally segregates restricted, committed, and assigned resources by individual funds within the governmental funds. When resources meeting more than one of these classifications are comingled within an individual fund, the assumed order of spending is restricted first, committed second, assigned third, and finally, unassigned.

BUDGET STABILIZATION FUND

North Dakota Century Code (NDCC) section 54-27.2-02 requires any amount in the state general fund in excess of sixty-five million dollars at the end of any biennium to be deposited in the Budget Stabilization Fund. Any interest or earnings of the fund must be deposited in the fund per NDCC section 54-27.2-01. However, any amounts provided by law for deposit in the fund and any interest or earning of the fund which would bring the balance in the fund to an amount greater than nine and half percent of the current biennial state general fund budget, as finally approved by the most recently adjourned special or regular session of the legislative assembly, may not be deposited or retained in the fund but must be deposited instead in the state general fund.

NDCC section 54-27.2-03 states that if general fund revenue projections for the biennium will be at least two and one-half percent less than estimated by the most recently adjourned special or regular session of the legislative assembly, and if the governor orders a transfer, which must be reported to the budget section of the legislative management, the state treasurer shall transfer the appropriate funds from the budget stabilization fund to the state general fund to offset the decrease in general fund revenues. The amount transferred upon order of the governor may not exceed the difference between an amount two and on-half percent below the general fund revenue projections for the biennium. The Budget Stabilization Fund, fund balance at June 30, 2016 was $575,919,333.

NOTE 2 – RESTATEMENTS

The following changes to beginning net position as previously reported, is summarized in the following table (expressed in thousands):

	Government-wide Gov't activities	Business-type activities	Component Units (GASB Based)
June 30, 2016, net position, as previously reported	$ 5,860,258,223	$ 2,948,256	$ 478,628
Prior period adjustment:			
Correction of errors	8,772,501	3,256	-
June 30, 2016, net position, as restated	$ 5,860,	$ 2,960,923	$ 478,628

The following changes to beginning fund balance of governmental funds as previously reported, is summarized in the following table (expressed in thousands):

	Governmental Fund General	Governmental Fund Federal	Governmental Fund State
June 30, 2016, fund balance, as previously reported	$ 5,860,258	$ 12,497	$ 7,342,881
Prior period adjustment:			
Correction of errors	8,773	18,027	(26,800)
June 30, 2016, fund balance, as restated	$ 5,869,031	$ 30,524	$ 7,316,081

A. CORRECTION OF ERRORS

The beginning net position of the Government-wide Business Activities was restated due to an understatement of endowment investments on the previous year financial statements.

An additional correction was made to the government funds - fund balances to record drug rebates not properly recorded in the prior fiscal year.

B. GASB 72 ADJUSTMENT

The beginning net position of the Government-wide Business Activities was restated due to the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. As a result, land, purchased for the purpose of investment, was adjusted to the fair value rather than being reported at cost, as previously reported.

NOTE 3 - DETAILED NOTES ON ACCOUNT BALANCES

A. DEPOSITS

CUSTODIAL CREDIT RISK

The State minimizes custodial credit risk by restrictions set forth in state statute. Custodial credit risk is risk associated with the failure of a depository financial institution. In the event of a depository financial institution's failure the State would not be able to recover its deposits or collateralized securities that are in the possession of the outside parties.

State law generally requires that all State funds be deposited in the Bank of North Dakota. NDCC 21-04-01 provides that public funds belonging to or in the custody of the State shall be deposited in the Bank of North Dakota. Also, NDCC 6-09-07 states, "all state funds . . . must be deposited in the Bank of North Dakota" or must be deposited in accordance with constitutional and statutory provisions. The State does not have a formal policy that addresses custodial credit risk for deposits.

At June 30, 2016, the bank balance of the primary government's deposits was $348,837,631. Of the bank amount, $153,531,281 was uncollateralized and uninsured.

There were significant concentrations of uninsured and uncollateralized deposits in the Bank of North Dakota and University System at June 30, 2016. Their uninsured and uncollateralized deposits totaled $151.6 million and $14.0 million, and their bank deposits totaled $152.5 million and $16.1 million, respectively.

At June 30, 2016, the bank balance of the major component units' deposits was $65,908,062. Of the bank amount, $60,719,927 was uncollateralized and uninsured.

The internal receivable amount in the governmental activities column in the Statement of Net Position includes Cash and Investments at the Bank of North Dakota for governmental activities. The internal payable amount in the business-type activities column includes deposits the Bank has for governmental activities. Because the Bank has a different fiscal year end, these internal balances do not equal.

B. INVESTMENTS

The investment policies of the State of North Dakota are governed by NDCC 6-09-07, 15-10-12, and 21-04-02, indicating that all public funds must be deposited in the Bank of North Dakota unless there are other constitutional or statutory provisions. If there are no statutory provisions and the funds are invested outside the Bank of North Dakota, the state agency must have the permission of the North Dakota Industrial Commission.

Investments are generally managed by the State Investment Board, the North Dakota Department of Trust Lands, the Bank of North Dakota, and the North Dakota State Treasurer's Office. Management responsibilities and investment instruments as authorized by statute are as follows:

1. State Investment Board (SIB) – NDCC 21-10 designates the SIB with investment responsibilities for the Public Employees' Retirement System, Bonding Fund, Teachers' Fund for Retirement, Fire and Tornado Fund, Workforce Safety & Insurance Fund, and other specific funds. The Century Code states the SIB shall apply the prudent investor rule in investing funds under its supervision. The retirement funds belonging to the teachers' fund for retirement and the public employees' retirement system must be invested exclusively for the benefit of their members and in accordance with the respective funds' investment goals and objectives.

The State Investment Board's investment policy allows investment managers to use derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments. The SIB had four types of derivative securities at June 30, 2016: futures, options, swaps and currency forwards.

2. North Dakota Department of Trust Lands – The Century Code states that the Department of Trust Lands shall apply the prudent investor rule in investing its funds. The investment policies of the Board allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative investments.

3. The Bank of North Dakota – NDCC 6-09 authorizes the Bank of North Dakota. The Bank is owned and operated by the State of North Dakota under the supervision of the North Dakota Industrial Commission. The Bank may have investments in anything that any bank lawfully may do, except what is restricted by NDCC 6-09.

4. The North Dakota State Treasurer's Office – The North Dakota Constitution and various sections of the Century Code authorize the State Treasurer to invest all State funds deposited with the State Treasury. However, the State Treasurer must invest the public funds with the Bank of North Dakota unless there is statutory authority to do otherwise. Generally, the State Treasurer pools deposits and invests in money market accounts and Bank of North Dakota certificates of deposit.

5. University System – NDCC 15-55-05 and 15-55-06 govern the investment of proceeds of revenue bonds and revenues pledged to bondholders. Such proceeds must be invested in the Bank of North Dakota, in a separate fund in the State Treasury or in a duly authorized depository for the state funds that is a member of the FDIC. NDUS may invest such funds in direct obligation of, or in obligations where the United States of America guarantees the principal and interest, or obligations of the State of North Dakota or any municipality as defined in NDCC Section 21-03-01.

Agency investments, of the primary government, under management of the State Investment Board are included below with the Pension and Investment Trust funds.

INTEREST RATE RISK

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of a debt security typically moves in the opposite direction of the change in interest rates. The State does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. However, North Dakota Housing Finance's respective bond resolutions permit only investments that will not adversely affect the rating quality of the outstanding bonds. Also, the maturity date or the date on which such investment obligations may be redeemed shall coincide as nearly as practicable with the date or dates on which moneys in the funds or accounts for which the investments were made will be required. The Bank of North Dakota's investment policy provides for a duration range of one to our years, which will serve to decrease interest rate risk.

At June 30, 2016, the following table shows the debt securities of the primary government by investment type and maturity (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Investment Type	Total Market Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Asset Backed Securities	$ 232,719	$ 1,354	$ 91,959	$ 35,566	$ 103,840
Commercial Mortgage-Backed	1,135,010	67	975,760	15,361	143,822
Corporate Bonds	2,428,677	56,049	1,264,267	630,882	477,479
Corporate Convertible Bonds	8,508	-	6,635	190	1,683
Government Agencies	2,229,120	296,035	1,774,862	27,986	130,237
Government Bonds	1,004,223	38,324	612,545	193,639	159,715
Government Mortgage-Backed	781,209	256	27,624	36,868	716,461
Repurchase Agreements	(14,482)	(14,482)	-	-	-
Index-Linked Government Bonds	167,616	7,185	-	139,607	20,824
Municipal/Provincial Bonds	108,225	7,794	5,845	9,704	84,882
Non-Government-Backed CMOs	90,559	-	8,303	900	81,356
Short Term Bills and Notes	118,569	118,569	-	-	-
Short Term Investment Funds	147,753	147,753	-	-	-
Pooled Investments	1,891,066	194,416	820,922	478,097	397,631
Total Debt Securities	$ 10,328,772	$ 853,320	$ 5,588,722	$ 1,568,800	$ 2,317,930

Major Component Units

Investment Type	Total Market Value	Less Than 1 Year	1 - 6 Years	6 - 10 Years	More Than 10 Years
Commercial Paper	$ 19,988	$ 19,988	$ -	$ -	$ -
Government Agencies	21,862	21,862			
Government Bonds	47,706	32,811	14,895	-	-
Short Term Bills and Notes	19,993	19,993	-	-	-
Total Debt Securities	$ 109,549	$ 94,654	$ 14,895	$ -	$ -

The fair values of inflation indexed bonds are reflected in the columns above, based on their stated maturity dates. The principal balances of these bonds are adjusted every six months based on the inflation index for that period.

Some investments are more sensitive to interest rate changes than others. Variable and floating rate collateralized mortgage obligations (CMO's), asset-backed securities (ABS), interest-only and principal-only securities are examples of investments whose fair values may be highly sensitive to interest rate changes.

Interest-only (IO) and principal-only (PO) strips are transactions which involve the separation of the interest and principal components of a security. They are highly sensitive to prepayments by mortgagors, which may result from a decline in interest rates. The State has no policy regarding IO or PO strips.

CREDIT RISK

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The State does not have an investment policy that specifically addresses credit risk. The State Investment Board maintains a highly diversified portfolio of debt securities encompassing a wide range of credit ratings. Each debt securities manager is given a specific set of guidelines to invest within, based on the mandate for which it was hired. The guidelines specify in which range of credit the manager may invest. These ranges include investment grade and high yield categories. The Bank of North Dakota's investment policy provides minimum credit quality ratings for its investments and asset allocation ranges for investments as a percentage of the total portfolio.

As of June 30, 2016, the following tables present the debt securities of the primary government and their respective ratings (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds) S&P Credit Rating*

	Total Market Value	AAA	AA	A	BBB	BB	B	CCC	CC	D	Not Rated
Asset Backed Securities	$231,846	$135,907	$21,867	$30,455	$19,980	$3,838	$2,797	$9,202	$1,804	$653	$5,343
Commercial Mortgage-Backed	117,372	47,154	23,370	10,891	9,682	5,798	6,791	6,618	-	759	6,309
Corporate Bonds	2,428,676	7,363	229,131	603,235	1,227,142	250,336	88,606	11,427	471	2,268	8,697
Corporate Convertible Bonds	8,508	-	-	-	34	2,689	3,905	1,477	-	397	6
Government Agencies	2,221,006	1,964,038	154,746	1,066	14,358	-	-	-	-	-	86,798
Government Bonds	269,213	48,111	19,200	49,596	69,209	31,407	3,315	-	-	-	48,375
Government Mortgage Backed	1,493,544	978,330	512,580	-	-	-	-	-	-	-	2,634
Index Linked Government Bonds	132,151	-	-	-	132,151	-	-	-	-	-	-
Municipal/ Provincial Bonds	100,584	6,147	60,915	13,291	19,672	-	-	-	-	-	559
Non-Government Backed CMOs	89,197	12,840	6,533	20,465	9,192	699	4,242	4,664	2,924	5,707	21,931
Repurchase Agreements	(14,482)	3,700	(18,182)	-	-	-	-	-	-	-	-
Short-Term Investment Funds	15,697	-	15,697	-	-	-	-	-	-	-	-
Pooled Investments	2,038,820	111,474	947,542	418,236	243,508	49,459	6,967	-	-	-	261,634
Total Credit Risk Debt Securities	$9,132,132	$3,315,064	$1,973,399	$1,147,235	$1,744,928	$344,226	$116,623	$33,388	$5,199	$9,784	$442,286
US Gov't & Agencies	1,196,637										
Equity Securities	191,719										
Total Debt Securities	$10,520,488										

Major Component Units

	Total Market Value	AAA	AA	A	BBB
Commercial Paper	$ 19,988	$ -	$ -	$ 19,988	$ -
Government Agencies	21,862	-	-	21,862	-
Short-Term Investment Funds	19,993	-	-	19,993	-
Total Credit Risk Debt Securities	61,843				
US Gov't & Agencies	47,706				
Total Debt Securities	$ 109,549				

*Ratings are determined in the following order: 1) S&P rating, 2) Moody's rating, 3) Fitch rating, 4) Manager-determined rating (internal rating) and 5) if no ratings are available using steps 1-4, then shown as not rated.

**US government agency securities explicitly guaranteed by the US government are categorized here. Credit ratings of US government agency securities that are only implicitly guaranteed by the US government are categorized accordingly in the main body of this table. Implicitly guaranteed agency securities included in the *Gov't Issued Commercial & Gov't Mortgage Backed, Gov't Agencies,* and *Short Term Bills and Notes* categories are issued by FNMA, FDIC, FHLB, FHLMC, FICO, FAMC, NCUA and TVA.

CONCENTRATION OF CREDIT RISK

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The State does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer, however the Bank of North Dakota has established asset allocation ranges for investments as a percentage of their total portfolio.

The Bank of North Dakota had the following concentrations at June 30, 2016 (expressed in thousands):

	Amount	Percent
Federal Agency		
Federal Home Loan Bank	$ 437,395	16.7%
Fannie Mae	400,578	15.3%
Freddie Mac	313,795	12.0%
Farm Credit	197,645	7.5%
Small Business Administration	203,218	7.8%
Mortgage-backed		
Fannie Mae	650,093	24.9%
Freddie Mac	302,329	11.6%
Others less than 5%	110,243	4.2%
	$ 2,615,296	100.0%

FOREIGN CURRENCY RISK

Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. Although the State Investment Board does not have a formal investment policy governing foreign currency risk, the board does manage its exposure to fair value loss by requiring their international securities investment managers to maintain diversified portfolios to limit foreign currency and security risk. The Department of Trust Lands treats currency exposure in two different ways, depending on the type of investment. For the Board's international equity portfolio, the currency exposure is not hedged, as currency exposure is one of the items that adds diversity to the overall portfolio. For foreign bonds, the Board fully hedges the currency exposure, as the purpose of this portfolio is to generate more consistent returns. The board does not have a formal policy regarding foreign currency risk.

At June 30, 2016, foreign currency risk exposure on investments managed by the Department of Trust Lands and State Investment Board were as follows (expressed in thousands).

Primary Government (includes Pension and Investment Trust Funds)

Currency	Short-Term	Debt	Equity	Total
Australian dollar	$ 508	$ 17,450	$ 71,949	$ 89,907
Brazilian real	560	13,371	10,676	24,607
British pound sterling	(839)	15,927	279,940	295,028
Canadian dollar	48	2,031	22,605	24,684
Chilean peso	54	15,580	1,731	17,365
Chinese yuan renminbi	(17)	-	-	(17)
Columbian peso	-	2,184	273	2,457
Czech koruna	-	-	1,491	1,491
Danish krone	70	-	21,277	21,347
Egyptian pound	-	-	47	47
Euro	(9,287)	21,515	414,684	426,912
Hong Kong dollar	419	-	98,760	99,179
Hungarian forint	3	9,093	2,794	11,890
Indian rupee	6,858	4,062	13,148	24,068
Indonesian rupiah	33	10,894	4,665	15,592
Israeli shekel	46	-	8,552	8,598
Japanese yen	2,582	397	290,430	293,409
Kenyan shiling	-	-	351	351
Malaysian ringgit	59	10,330	2,413	12,802
Mexican peso	(304)	37,790	11,564	49,050
New Romanian leu	-	8	-	8
New Taiwan dollar	-	-	13,967	13,967
New Zealand dollar	28	8,543	3,206	11,777
Norwegian krone	4,735	2,526	15,256	22,517
Peruvian neuvo sol	-	-	12	12
Philippine peso	-	-	1,467	1,467
Polish zloty	-	4,811	2,856	7,667
Russian ruble	(546)	-	802	256
Singapore dollar	113	42	11,801	11,956
South African rand	93	7,534	18,693	26,320
South Korean won	486	-	28,879	29,365
Swedish krona	9,995	5,902	39,449	55,346
Swiss franc	62	-	108,676	108,738
Taiwan dollar	9	-	2,807	2,816
Thai baht	387	(80)	6,756	7,063
Turkish lira	42	-	2,856	2,898
International commingled funds (various currencies)	-	110,368	762,502	872,870
Total international investment securities	$ 16,197	$ 300,278	$ 2,277,335	$ 2,593,810

Derivative Securities – Derivatives are financial arrangements between two parties whose payments are based on, or "derived" from, the performance of some agreed upon benchmark. The investment policies of the States' clients allow the use of derivative securities to hedge or replicate underlying exposures but not for speculation. All derivatives are considered investment derivative instruments. The fair value of all derivative securities is reported in the Statements of Net Position. At June 30, 2016, the State had four types of derivative securities: futures, options, swaps and currency forwards.

Futures – Futures represent commitments to purchase (asset) or sell (liability) securities at a future date and at a specific price. Futures contracts are traded on organized exchanges (exchange traded) thereby minimizing the States' counterparty risk. The net change in the futures contracts' value is settled daily in cash with the exchanges. Net gains or losses resulting from the daily settlements are included in net change in fair value of investments in the Statement of Changes in Net Position and totaled $(7.5) million. At June 30, 2016, the State investment portfolio had the notional futures shown below (expressed in thousands).

Futures	Notional Value
Cash and cash equivalent derivative futures	
Long	$ 37,736
Short	(946,602)
Equity derivative futures	
Long	623,571
Short	-
Fixed income derivative futures	
Long	509,240
Short	(290,226)
Total futures	$ (66,281)

Options – Options represent or give buyers the right, but not the obligation, to buy (call) or sell (put) an asset at a preset price over a specified period. Options are traded on organized exchanges (exchange traded) thereby minimizing the States' counterparty credit risk. The option's price is usually a small percentage of the underlying asset's value. As a seller of a financial option, the State, through its investment manager, receives a premium at the beginning of the agreement and bears the risk of an unfavorable change in the price of the financial instrument underlying the option. As a buyer of a financial option, the State, through its investment manager, pays a premium at the beginning of the agreement and the counterparty bears the risk of an unfavorable change in the price of the financial instrument underlying the option. Gains and losses on options are determined based on fair values and recorded with the net change in fair value of investments in the Statement of Changes in Net Position and totaled $0.4 million. At June 30, 2016, the State had the following option balances (expressed in thousands):

Options	Fair Value
Cash & Other Options	
Call	$ (72)
Put	72
Fixed Income Options	
Call	(37)
Put	(1)
Total options	$ (38)

Swaps – A swap is a derivative in which counterparties exchange certain benefits of one party's financial instrument for those of the other party's financial instrument. Specifically, the two counterparties agree to exchange one stream of cash flows for another stream. The State, through its investment managers, has entered into various swap agreements in an attempt to manage its exposure to interest rate, inflation, credit, currency risk and total return.

Interest rate risk represents the exposure to fair value losses arising from future changes in prevailing market interest rates. In the most common type of interest rate swap arrangement, one party agrees to pay fixed interest payments on designated dates to a counterparty, who in turn agrees to make return interest payments that float with some reference rate.

Inflation risk represents the exposure to fair value losses arising from future changes in prevailing market inflation. In an inflation swap, one party pays a fixed rate on a notional principal amount, while the other party pays a floating rate linked to an inflation index, such as the Consumer Price Index (CPI).

Credit risk represents the exposure to fair value losses arising from a credit event such as default, failure to pay, restructuring or bankruptcy. In a credit default swap (CDS) contract, the protection buyer of the CDS makes a series of payments to the protection seller and, in exchange, receives a payoff if the credit instrument experiences a credit event. CDS contracts are also used to establish exposure to a desired credit instrument.

Currency risk represents the exposure to fair value losses arising from the change in price of one currency against another. A currency swap is a foreign-exchange agreement between two parties to exchange principal and interest in one currency for the same in another currency.

A total return swap is an agreement in which on party makes payments based on a set rate, either fixed or variable, while the other party makes payments based on the return of an underlying asset (income and capital gains). The underlying asset, or reference asset, is owned by the party receiving the set rate payment.

Gains and losses on swaps are determined based on fair values and are recorded with the net change in fair value of investments in the Statement of Changes in Net Position and totaled $(10.7) thousand. The maximum loss that would be recognized at June 30, 2016, if all counterparties failed to perform as contracted is $3.25 million. Swap fair values are determined by a third party pricing source. At June 30, 2016, the States' investment portfolio had the swap fair value balances as shown below (expressed in thousands).

Credit Default Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date	Fair Value
Bank of America/A3 (1 contract)	$ (2,600)	12/2018	$ 40
Barclays/A2 (1 contract)	(100)	9/2019	1
BNP Paribas/A2 (2 contracts)	(450)	12/2016 - 6/2019	(44)
Citibank/A3 (4 contracts)	(11,050)	12/2018 - 12/2019	105
Citigroup Global Markets/A1	(6,500)	12/2018	75
Credit Suisse First Boston/A1 (2 contracts)	4,340	6/2021	(81)
Deutsche Bank/A2 (2 contracts)	2,400	6/2017	(18)
Goldman Sachs/A3 (5 contracts)	(1,850)	12/2016 - 3/2020	(2)
JP Morgan Chase/Aa3 (14 contracts)	2,181	12/2016 - 11/2045	(51)
Total credit default swaps	$ (13,629)		$ 25

Currency Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date	Fair Value
Deutsche Bank London/A2	$ 281	5/2017	$ 1
Goldman Sachs/A3	150	1/2017	5
JP Morgan Chase/Aa3 (8 contracts)	181,560	11/2016 - 11/2024	-
Total currency swaps	$ 181,991		$ 6

Interest Rate Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date Range	Fair Value
Bank of America/A3 (1 contract)	$ 6,243	1/2018	$ (50)
Citigroup Global Markets/A1 (3 contracts)	(3,055)	8/2020	(178)
Credit Suisse First Boston/A1 (24 contracts)	(235,092)	12/2017 - 6/2046	(3,353)
Credit Suisse International/A1 (4 contracts)	8,137	1/2018 - 1/2021	(76)
Deutsche Bank/A2 (4 contracts)	6,697	1/2018 - 1/2021	(18)
Goldman Sachs/A3 (3 contracts)	7,850	1/2021 - 6/2026	(69)
HSBC Bank/A1 (2 contracts)	20,500	3/2020 - 9/2033	(4)
JP Morgan Chase/Aa3 (86 contracts)	(4,765)	2/2019 - 6/2046	(3,799)
Morgan Stanley/Baa1 (1 contract)	3,900	5/2022	8
Total Interest Rate Swaps	$ (189,585)		$ (7,539)

Inflation Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date	Fair Value
Bank of America/ A3(7 contracts)	$ 700	1-2020	$ (10)
BNP Paribas/A2 (3 contracts	600	1/2020	(8)
Citibank/A3 (4 contracts)	520	3/2020 - 6/2030	(11)
Deutsche Bank/B2 (1 contract)	206	11/2030	16
Goldman Sachs/A3 (11 contracts)	4,430	1/2020 - 1/2030	(52)
Total Inflation Rate Swaps	$ 6,456		$ (65)

Total Return Swaps

Counterparty/Moody's Rating	Notional Amount	Expiration Date	Fair Value
Credit Suisse International/A1 (2 contracts)	$ 2,252	1/2041	$ (26)
Total Return Swaps	$ 2,252		$ (26)

Currency Forwards – Currency forwards represent forward exchange contracts that are entered into in order to manage the exposure to changes in currency exchange rates on the currency denominated portfolio holdings. A forward exchange contract is a commitment to purchase (positive) or sell (negative) a currency at a future date at a negotiated forward rate. The gain or loss arising from the difference between the original contracts and the closing of such contracts is included in the net change in fair value of investments in the Statement of Changes in Net Position and totaled $7.0 million. At June 30, 2016, the States' investment portfolio included the currency forwards balances shown below (expressed in thousands).

Currency	Cost	Purchases	Sales	Fair Value
Australian dollar	$ (18,847)	$ -	$ (18,994)	$ (18,994)
Brazilian real	208	471	(263)	230
British pound sterling	(1,323)	-	(1,323)	(1,222)
Canadian dollar	(1,821)	87	(1,924)	(1,836)
Chilean peso	9,404	9,404	-	9,704
Chinese yuan renminbi	(4,588)	-	(4,588)	(4,492)
Euro	(33,686)	2,565	(35,917)	(33,204)
Hong Kong dollar	4,598	6,210	(1,612)	4,475
Hungarian forint	(3,139)	-	(3,045)	(3,044)
Indian rupee	6,920	6,920	-	6,858
Japanese yen	(2,192)	2,558	(4,750)	(2,353)
Malaysian ringgit	(3,241)	-	(3,327)	(3,327)
Mexican peso	(6,716)	-	(6,649)	(6,646)
New Romanian leu	(1,484)	-	(1,438)	(1,438)
New Zealand dollar	(6,586)	-	(6,621)	(6,621)
Norwegian krone	4,162	4,162	-	4,099
Polish zloty	(6,084)	-	(5,995)	(5,995)
Russian ruble	(540)	678	(1,218)	(546)
Singapore dollar	(5,738)	-	(5,758)	(5,758)
South African rand	(3,105)	-	(3,319)	(3,319)
Swedish krona	10,368	10,368	-	9,986
Thai baht	(3,545)	-	(3,555)	(3,555)
United Kingdom pound	(18,718)	-	(17,274)	(17,274)
United States dollar	85,693	129,116	(43,423)	85,693
Total forwards subject to currency risk				$ 1,421

Derivative Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the value of an interest rate-based derivative investment. The State does not have a formal investment policy regarding such derivative investments. At June 30, 2016, the tables below show the States' derivative investments subject to interest rate risk (expressed in thousands).

	Total Notional Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Futures-interest rate contracts	$ (689,852)	$ (586,165)	$ (93,571)	$ 37,736	$ (47,852)	$ -
Options-margined interest rate contracts	(2)	(2)	-	-	-	-
Total	$ (689,854)	$ (586,167)	$ (93,571)	$ 37,736	$ (47,852)	$ -

	Total Fair Value	3 Months or Less	3 to 6 Months	6 to 12 Months	1-5 Years	Greater Than 5 Years
Options on interest rate futures	$ (37)	$ (37)	$ -	$ -	$ -	$ -
Options - interest rate contracts	-	-	-	-	-	-
Options - credit contracts	(1)	(1)	-	-	-	-
Swaps - interest rate contracts	(7,602)	-	-	-	(1,103)	(6,499)
Swaps - credit contracts	24	-	1	(16)	83	(44)
Total	$ (7,616)	$ (38)	$ 1	$ (16)	$ (1,020)	$ (6,543)

Mill and Elevator Derivative Financial Instruments – The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2016, and the changes in fair value of such derivative instruments for the year then ended as reported in the State's financial statements are ($149,388), classified as derivative instrument (one contract equals 5,000 bushels) and ($149,388), classified as deferred inflow of resources – accumulated increase in fair value of hedging derivatives. The fair value of the grain futures contracts was determined on the Minneapolis Grain Exchange. The margin requirement is $0.60 per bushel, unless the market price changes the limit for two consecutive days, then the margin requirement is $0.90 per bushel. The Mill has entered into futures contracts for spring wheat to lock in a price for a future delivery or settlement period. These contracts are entered into to protect the Mill against price fluctuation of the commodity. The price protection is needed to cover any long or short positions compared to flour sales. The table below shows the cost and market values of these spring wheat futures.

Month	Number of Contracts	Average Cost	Fair Value	Average Cost	Market Value
Sept 2016	(339)	$5.3905	$5.0825	$ (9,136,938)	$ (8,614,838)
Dec 2016	340	5.5081	5.2375	9,363,838	8,903,750
Mar 2017	115	5.6112	5.3825	3,226,438	3,094,938
May 2017	89	5.6377	5.4750	2,508,788	2,436,375
July 2017	22	5.6281	5.5600	619,088	611,600
				$ 6,581,214	$ 6,431,825

The Mill is exposed to credit risk on hedging derivative instruments that are in asset positions. All grain futures trades are completed using two different national brokerage firms on the Minneapolis Grain Exchange. ADM Investor Services is rate A by the Standard & Poor's Rating Service. RJ O'Brien is a privately held business and is not rated by the Standard & Poor's Rating Service.

The Mill is exposed to rollover risk on grain futures trades whenever the hedge ration (defined in aggregate of the size across all futures months relative to the underlying net cash position) does not equal 1.0. At June 30, 2016, the table below shows the hedge ratio by futures month going forward:

Period	Hedge Ratio
Sept 2016	1.0
Dec 2016	1.1
Mar 2017	1.0
May 2017	1.0
July 2017	1.0
Net Position	1.1

C. SECURITIES LENDING

The following represents the balances relating to the securities lending transactions at June 30, 2016 (expressed in thousands).

Primary Government (Includes Pension and Investment Trust Funds)

Securities Lent	Underlying Securities	Non-Cash Collateral Value	Cash Collateral Investment Value
Lent for cash collateral:			
US agency securities	$ 11,621	$ -	$ 11,878
US government securities	70,822	1,739	72,140
US corporate fixed income securities	69,082	584	70,202
US equities	110,439	1,427	112,153
Global government fixed income securities	2,992	-	3,125
Global corporate fixed	346	-	368
Global agency securities	2,370	-	2,477
Global equities	5,603	-	5,909
Lent for non-cash collateral:			
US government securities	1,926	216	-
US corporate fixed income securities	2,151	1,599	-
US equities	20,044	18,949	-
Global equities	20,525	21,776	-
Total	$ 317,921	$ 46,290	$ 278,252

D. ENDOWMENT FUNDS

The endowment funds reported herein are institutional funds under the terms of the gift instrument and are not wholly expendable by the institution. NDCC Section 59-21, the Uniform Prudent Management of Institutional Funds Act (UPMIFA) applies to the investment of endowments governed by a gift instrument. NDUS SBHE policy 810 stipulates endowment funds shall be invested according to the intent of the donor provided such intent is consistent with applicable laws. Absent terms expressing donor intent in a gift instrument, NDUS institution officers initially shall deposit the funds in institution accounts at the Bank of North Dakota. Thereafter, the funds may be invested according to NDCC 59-21. Subject to the intent of the donor, NDUS institution officers are delegated authority to manage and invest these institutional funds as provided by UPMIFA. NDCC Section 59-21-02.5a(7) applies to standard of conduct in the administration of powers to make and retain investments. It states that in managing and investing an institutional fund, the needs of the institution and the fund to make distributions and to preserve capital must be considered. Given the flexibility in NDCC 59-21-02, campuses have differing policies with respect to spending investment income and net appreciation on endowment funds. For UND, distributions for spending endowments each year will be calculated once annually with the quarter ended December 31 unitized market value and is based on the set spending rate, currently four percent, applied to the average market value for the preceding twelve quarter average. All endowment in existence at December 31 for one year will receive a distribution spending allocation. The available amount will be forecast to UND for planning purposes by February 1, and these distributions will be available for spending in the upcoming fiscal year. MaSU, NDSU, VCSU and WSC give departments authority to spend all investment income earned on the endowment funds. Net appreciation on investments are available for expenditure and consist of the following at June 30, 2016:

		Reflected in net position as:
Mayville State University	$ 3,142	Expendable scholarships & fellowships
North Dakota State University	145,027	Expendable scholarships & fellowships
University of North Dakota	965,038	Non-expendable scholarships & fellowships
Williston State College	2,965	Non-expendable scholarships & fellowships
Total NDUS	$ 1,116,172	

Endowment funds reported herein do not include the Federal Land Grant Fund held by the State Department of Trust Lands. The annual proceeds from assets held by the Commissioner of the State Department of Trust Lands and are deposited into each college/university's operating fund at the State Treasury and are used for current operating purposes. Bismarck State College and Lake Region State College do not participate in the proceeds allocated by the State Land Department. Total assets held by the State Land Department and proceeds for the fiscal year ended June 30, 2016 are approximately $141.1 million and $4.2 million respectively.

E. REVERSE REPURCHASE AGREEMENTS

State statutes permit the State to enter into reverse repurchase agreements, that is, the sale of securities with a simultaneous agreement to repurchase them in the future at the same price plus a contract rate of interest. The fair value of the securities underlying reverse repurchase agreements normally exceeds the cash received, providing the dealers a margin against a decline in fair value of the securities. All sales of investments under these agreements are for fixed terms. In investing the proceeds of these agreements, State policy is for the term to maturity of the investment to be the same as the term of the agreement. Such matching existed at year end. These agreements are secured by Fed book-entry securities held in the State's name. At June 30, 2016, the State had no reverse repurchase agreements outstanding and did not participate in reverse repurchase agreements during the fiscal year.

F. RECEIVABLES

Receivables at June 30, 2016, consist of the following (expressed in thousands):

	General	Federal	State	Other Governmental Funds	Bank of North Dakota	Housing Finance	University System
Receivables:							
Accounts	$ 18,796	$ 44,224	$ 117,031	$ -	$ -	$ 518	$ 24,924
Less Allowance	(7,510)	(26,145)	(46,031)	-	-	-	(7,879)
Taxes	459,208	-	126,631	263	-	-	-
Less Allowance	(139,960)	-	(4,510)	-	-	-	-
Interest	18,917	-	17,312	88	44,278	2,905	-
Less Allowance	-	-	(3,659)	-	-	-	-
Intergovernmental	-	277,093	12,266	-	-	145	29,007
Less Allowance	-	-	(1)	-	-	-	-
Current Loans and Notes	143,179	-	17,566	56,828	854,319	17,915	7,841
Less Allowance	-	-	(1,948)	-	-	-	-
Noncurrent Loans and Notes	25,000	5	103,528	-	3,406,924	737,852	30,621
Less Allowance	-	-	-	-	(69,294)	-	(6,034)
Net Receivables	$ 517,630	$ 295,177	$ 338,185	$ 57,179	$ 4,236,227	$759,335	$ 78,480

	Workforce Safety & Insurance	Other Enterprise Funds	Internal Service Funds	Fiduciary Funds	Major Component Units	Total
Receivables:						
Accounts	$ 53,781	$ 101,019	$ 176	$ 11,175	$ 783	$ 372,427
Less Allowance	(7,500)	(16,030)	-	-	(12)	(111,107)
Taxes	-	-	-	38,911	-	625,013
Less Allowance	-	-	-	(8,755)	-	(153,225)
Interest	9,668	1,108	50	15,863	5,062	115,251
Less Allowance	-	-	-	-	-	(3,659)
Intergovernmental	-	7,304	229	-	-	326,044
Less Allowance	-	-	-	-	-	(1)
Current Loans and Notes	-	8,496	-	-	6,423	1,112,567
Less Allowance	-	-	-	-	-	(1,948)
Noncurrent Loans and Notes	-	93,566	-	-	10,191	4,407,687
Less Allowance	-	(4,819)	-	-	(6,758)	(86,905)
Net Receivables	$ 55,949	$ 190,644	$ 455	$ 57,194	$ 15,689	$ 6,602,144

G. *INTERFUND ACCOUNTS AND TRANSFERS*

DUE FROM OTHER FUNDS/DUE TO OTHER FUNDS

Interfund balances at June 30, 2016, consist of the following (expressed in thousands):

Due To General Fund From:	
Federal Fund	$ 156,682
State Fund	42,914
Bank of North Dakota	637
Nonmajor Enterprise Funds	29,176
All Others	23
Total Due To General Fund	$ 229,432

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilders' Loan Program for $15,036,838. This is not expected to be repaid within one year.

Due To Federal Fund From:	
General Fund	$ 2,494
State Fund	56,438
All Others	84
Total Due To Federal Fund	$ 59,016

Due To State Fund From:	
General Fund	$ 17,849
Federal Fund	5,625
Internal Service Funds	1,544
Nonmajor Enterprise Funds	1,716
All Others	736
Total Due To State Fund	$ 27,470

Included in the Internal Service Funds amount is an advance to Fleet Services from the Highway Fund for $1,500,000. This is not expected to be repaid within one year.

Due To Internal Service Funds From:	
General Fund	$ 3,501
State Fund	1,140
University System	1,045
All Others	1,036
Total Due To Internal Service Fund	$ 6,722

Due To Bank of North Dakota From:	
General Fund	$ 78
State Fund	45,840
Nonmajor Enterprise Funds	36,709
University System	2,412
All Others	437
Total Due To Bank of North Dakota	$ 85,476

Included in the Nonmajor Enterprise Funds amount is a loan to the Rebuilder's Loan Program for $19,532,062, of which $17,508,455 is not expected to be repaid within one year.

Due To University System From:	
General Fund	$ 28,583
Federal Fund	2,951
State Fund	1,603
Nonmajor Enterprise Funds	1,252
All Others	221
Total Due To University System	$ 34,610
Due To All Other Funds From:	
All Other	$ 1,832

Included in this category are all other enterprise funds and fiduciary funds.

These balances are a result of a time lag between the dates that (1) services are provided and goods received or reimbursable expenditures occur, (2) the payments are made, (3) the transactions are entered into the accounting system, and (4) because of transactions occurring between funds with a fiscal year other than June 30, 2016.

A reconciliation of Due From's and Due To's is presented below (expressed in thousands):

Due From's		$ 444,558
General Fund/Bank of ND	(636)	
Bank of ND/Housing Finance	13,462	
Mill & Elevator/Bank of ND	5,000	
Bank of ND/University System	(1,187)	
Bank of ND/Student Loan Trust	30	
Bank of ND/Guaranteed Student Loan	1,324	
Governmental Agencies/Bank of ND	(3,076)	
Bank of ND/Enterprise Funds	(1,630)	
Total Differences		13,287
Due To's		$ 457,845

The previous table represents timing differences between agencies as a result of different fiscal year ends. Those agencies with a different fiscal year end include: Bank of North Dakota, December, Guaranteed Student Loan, September, and Nonmajor Enterprise Funds, Beginning Farmer Revolving Loan and Community Water Facility Loan, all of which have a December year end and State Fair, September.

INTERFUND TRANSFERS

A summary of interfund transfers for the fiscal year ended June 30, 2016, follows (expressed in thousands):

	General	Special Revenue Federal	Special Revenue State	Non-major Governmental	Housing Finance	University System	Non-major Enterprise	Internal Service Fund	Total
Transfers Out									
General	$ -	$ 79	$ 556,137	$ 3,986	$ -	$ 532,773	$ 435	$ 959	$ 1,094,369
Special Revenue - Federal	111	-	23,517	305	211	-	-	-	24,144
Special Revenue - State	157,171	1,877	-	45,337	21	15,225	99,891	-	319,522
Non-major Governmental	945	-	2,192	2,227	-	-	-	-	5,364
Bank of North Dakota	-	-	25,800	-	-	-	2,800	-	28,600
Housing Finance	-	-	39	-	-	-	-	-	39
University System	-	-	-	4,870	-	-	-	-	4,870
Non-major Enterprise	14,015	-	2,812	-	-	6,005	200	-	23,032
Total	$172,242	$ 1,956	$ 610,497	$ 56,725	$ 232	$ 554,003	$ 103,326	$ 959	$ 1,499,940

(Transfers In do not agree to the statements due to the timing differences noted below.)

Transfers are used for the following purposes:

- Move general fund appropriation amounts to certain agencies.
- Move revenues from the fund that statute requires to collect them to the fund authorized to spend them.
- Move certain excess revenues collected in other funds to the general fund.
- Move receipts restricted for debt service from the funds collected to the debt service funds as payments become due, and move capital project funds paying the construction costs.

For the year ended June 30, 2016, legislatively-mandated transfers were made to the general fund of $9,580,000 from the State Lottery, $4,434,894 from Mill and Elevator and $4,160,581 from the Insurance Regulatory Trust Fund.

A reconciliation of Transfers In and Transfers Out is presented below (expressed in thousands):

Transfers In		$ 1,507,716
Differences:		
Bank of ND/Ag PACE	(200)	
Bank of ND/PACE	7,700	
Bank of ND/Community Water Facility Loan Fund	(5,000)	
Guaranteed Student Loan Program	(5,000)	
Special Rev – State/State Fair	(313)	
Special Rev – Housing Incentive Fund	(5,000)	
Federal	37	
Total Differences		(7,776)
Transfers Out		$ 1,499,940

The above timing differences of $7,776,000 result from transactions between agencies that have different fiscal year ends. Those agencies with a different fiscal year end include: Bank of North Dakota, December, and Nonmajor Enterprise Fund State Fair, September, Guaranteed Student Loan Program. This difference is also the total net transfers on the Government-wide Statement of Activities.

H. CAPITAL ASSETS

PRIMARY GOVERNMENT:

The following is a summary of capital assets during the fiscal year (expressed in thousands):

Description	Balance July 1, 2015*	Increases	Decreases	Balance June 30, 2016
Governmental Activities:				
Capital Assets Not Being Depreciated				
Land	$ 138,132	$ 6,264	$ (3)	$ 144,393
Construction in Progress	1,631,681	669,569	(679,566)	1,621,684
Total Capital Assets Not Being Depreciated	1,769,813	675,833	(679,569)	1,766,077
Capital Assets Being Depreciated:				
Buildings and Improvements	655,492	6,521	(141)	661,872
Equipment	309,461	25,598	(21,692)	313,367
Intangibles				
Software	100,351	165,717	(834)	265,234
Other	11,709	527	-	12,236
Infrastructure	4,068,298	591,143	(356)	4,659,085
Total Capital Assets Being Depreciated	5,145,311	789,506	(23,023)	5,911,794
Less Accumulated Depreciation for:				
Buildings and Improvements	(251,658)	(16,476)	87	(268,047)
Equipment	(147,702)	(21,782)	17,396	(152,088)
Intangibles				
Software	(67,332)	(17,243)	821	(83,754)
Other	(3,068)	(538)	-	(3,606)
Infrastructure	(2,729,478)	(74,954)	350	(2,804,082)
Total Accumulated Deprecation	(3,199,238)	(130,993)	18,654	(3,311,577)
Total Capital Assets Being Depreciated, Net	1,946,073	658,513	(4,369)	2,600,217
Governmental Activities Capital Assets, Net	$ 3,715,886	$ 1,334,346	$ (683,938)	$ 4,366,294

*Certain items have been reclassified.
Infrastructure assets of the State Water Commission, with a carrying value of $30,516,290 are considered temporarily impaired at June 30, 2016.

Description	Balance July 1, 2015*	Increases	Decreases	Balance June 30, 2016
Business-Type Activities:				
Capital Assets Not Being Depreciated				
Land	$ 20,445	$ 2,952	$ (20)	$ 23,377
Construction in Progress	229,763	89,692	(187,451)	132,004
Total Capital Assets Not Being Depreciated	250,208	92,644	(187,471)	155,381
Capital Assets Being Depreciated:				
Buildings and Improvements	1,299,897	260,632	(1,771)	1,558,758
Equipment	492,983	31,967	(19,150)	505,800
Intangibles				
Software	40,023	2,436	(34)	42,425
Other	2,252	-	(116)	2,136
Infrastructure	209,617	7,927	(567)	216,977
Total Capital Assets Being Depreciated	2,044,772	302,962	(21,638)	2,326,096
Less Accumulated Depreciation for:				
Buildings and Improvements	(528,622)	(35,921)	1,667	(562,876)
Equipment	(319,759)	(29,771)	17,465	(332,065)
Intangibles				
Software	(30,198)	(2,595)	86	(32,707)
Other	(868)	(276)	116	(1,028)
Infrastructure	(94,038)	(7,225)	407	(100,856)
Total Accumulated Deprecation	(973,485)	(75,788)	19,741	(1,029,532)
Total Capital Assets Being Depreciated, Net	1,071,287	227,174	(1,897)	1,296,564
Business-Type Activities Capital Assets, Net	$ 1,321,495	$ 319,819	$ (189,369)	$ 1,451,945

Description	Balance July 1, 2015*	Increases	Decreases	Balance June 30, 2016
Major Component Units:				
Capital Assets Not Being Depreciated				
Land	$ 3,285	$ 14	$ -	$ 3,299
Construction in Progress	6,659	16,971	(5,505)	18,125
Total Capital Assets Not Being Depreciated	9,944	16,985	(5,505)	21,424
Capital Assets Being Depreciated:				
Buildings and Improvements	188,102	8,405	(11)	196,496
Equipment	47,634	2,607	(613)	49,628
Intangibles	78	-	-	78
Infrastructure	1,234	375	-	1,609
Total Capital Assets Being Depreciated	237,048	11,387	(624)	247,811
Less Accumulated Depreciation for:				
Buildings and Improvements	(62,325)	(4,724)	65	(66,984)
Equipment	(20,261)	(3,771)	513	(23,519)
Intangibles	(78)	-	-	(78)
Infrastructure	(652)	(57)	-	(709)
Total Accumulated Deprecation	(83,316)	(8,552)	578	(91,290)
Total Capital Assets Being Depreciated, Net	153,732	2,835	(46)	156,521
Major Component Unit Capital Assets, Net	$ 163,676	$ 19,820	$ (5,551)	$ 177,945

* Beginning capital asset balances were adjusted for certain reclassifications.

Depreciation expense was charged to functions/programs of the primary government as follows (expressed in thousands):

Governmental Activities:	
General Government	$ 13,757
Education	843
Health and Human Services	11,631
Regulatory	290
Public Safety & Corrections	13,000
Agriculture and Commerce	218
Natural Resources	14,827
Transportation	76,427
Total Governmental Activities Depreciation Expense	$ 130,993

Construction In Progress is composed of the following (expressed in thousands):

Project Description:

Governmental Activities	Amount Authorized	Amount Expended Through June 30, 2016	Balance Authorized
Office of Management and Budget	$ 4,303	$ 606	$ 3,697
Office of Attorney General	1,403	220	1,183
Secretary of State	5,948	5,948	-
Legislative Assembly	211	114	97
Department of Health	326	120	206
Department of Human Services	83,020	3,160	79,860
Industrial Commission	13,625	9,037	4,588
Adjutant General	23,704	15,874	7,830
Department of Transportation	1,920,371	1,587,332	333,039
Highway Patrol	740	437	303
Parks & Recreation	14,129	3,291	10,838
ND School for the Deaf	701	225	476
Corrections & Rehab	1,698	448	1,250
Veterans Home	915	73	842
Total Governmental Activities	$ 2,071,094	$ 1,626,885	$ 444,209

Business-Type Activities	Amount Authorized	Amount Expended Through June 30, 2016	Balance Authorized
Mill and Elevator	$ 49,135	$ 30,593	$ 18,542
University System	224,929	111,228	113,701
Total Business-Type Activities	$ 274,064	$ 141,821	$ 132,243

I. OPERATING LEASES

PAYMENTS ON OPERATING LEASES

The State is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore, the resulting expenditures are recognized as incurred. Lease expenditures for the year ended June 30, 2016, amounted to $17,515,313 for governmental activities and $14,774,837 for business-type activities.

Future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2016, for all fund types are as follows (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities
2017	$ 13,721	$ 12,373
2018	5,935	9,369
2019	4,652	7,284
2020	3,599	5,265
2021	3,047	2,993
2022-2026	7,634	1,901
2027-2031	428	473
2032-2036	-	331
Total Minimum Lease Payments	$ 39,016	$ 39,989

J. CAPITAL LEASES

The State is obligated under certain leases accounted for as capital leases. In the government-wide and proprietary fund statements, capital assets and a corresponding liability are recorded at the inception of the lease. The liability is reduced by payments of principal, with a portion of the payment allocated to interest expense. For capital leases in governmental funds, other financing sources and expenditures are recorded at lease inception. Lease payments are recorded as debt service expenditures.

The schedule below lists the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at June 30, 2016 (expressed in thousands):

Year Ending June 30	Governmental Activities	Business-type Activities	Major Component Units
2017	$ 246	$ 5,738	$ 126
2018	128	7,470	126
2019	82	4,777	126
2020	55	4,369	126
2021	13	3,461	127
2022-2026	-	13,192	632
2027-2031	-	5,399	632
2032-2036	-	3,155	316
2037-2041	-	617	-
Total Minimum Lease Payments	524	48,178	2,211
Less: Amount Representing Interest	(57)	(9,645)	(761)
Present Value of Future Minimum Lease Payments	$ 467	$ 38,533	$ 1,450

The historical costs of assets acquired under capital leases, and included as capital assets on the government-wide Statement of Net Position at June 30, 2016, is as follows (expressed in thousands):

	Governmental Activities	Business-Type Activities	Major Component Units
Infrastructure	$ -	$ 558	$ -
Buildings	-	54,875	1,979
Intangibles	-	105	-
Equipment	1,725	14,696	-
Less: Accumulated Depreciation	(1,257)	(17,768)	(829)
Total	$ 468	$ 52,466	$ 1,150

K. DEFERRED OUTFLOWS OF RESOURCES

FINANCIAL DERIVATIVE INSTRUMENT

The State enters into interest rate swap agreements to modify interest rates on certain liabilities. The fair values of both hedging derivatives and investment derivatives (if any) are presented on the Statement of Net Position, either as a derivative liability (negative fair value) or as a derivative asset (positive fair value). The change in the total fair value of derivatives that are determined to be effective hedges is recorded as a deferred inflow or outflow of resources on the Statement of Net Position. If a derivative were determined to be an ineffective hedge, it would be classified as an investment derivative, and the change in the total fair value would be presented as part of investment earnings.

DEFERRED LOSS ON BOND REFUNDING

A deferred charge on refunded debts results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

L. LONG-TERM DEBT

Debt authorized is generally limited by the state constitution. The Constitution of North Dakota provides that the State may issue or guarantee the payment of bonds, provided that all bonds in excess of $2 million are: (1) secured by first mortgage upon property and no further indebtedness may be incurred by the State unless evidenced by a bond issue; (2) authorized by law; (3) for a certain purpose; (4) provisioned to pay the interest semiannually; and (5) the principal is paid within 30 years. Additionally, the law authorizing the bond issue must specifically appropriate the provisions to the payment of the principal and interest of the bond.

BONDS AND NOTES PAYABLE

Bonds payable at June 30, 2016, consisted of bonds issued by the State and are accounted for by the respective state agencies in the government-wide financial statements that issued the bonds.

1. REVENUE BONDS

Current state statutes empower certain state agencies to issue bonds as part of their activities. This debt is not backed by the full faith and credit of the State of North Dakota. The principal and interest on such bonds shall be payable only from the applicable agency's program income.

Primary Government

Building Authority

The 2005 Series A Bonds, the 2006 Series A and B Bonds, the 2010 Series A and B and the 2012 Series A bonds have interest payable semiannually on June 1 and December 1 of each year. The bonds of each series are subject to optional and/or extraordinary optional redemption prior to maturity upon the occurrence of certain events. The bonds are independently secured by the funds, certain mortgaged property, and all rights, titles, and interests of the Building Authority as lessor, including all basic rent payments, investment earnings on the funds and any other income derived by the Building Authority with respect to the lease. Total net revenue pledges for fiscal year 2016 were $9.9 million. For fiscal year 2016, principal and interest paid by the Authority on the bonds was $8.2 million. The total principal and interest remaining to be paid as of June 30, 2016, is $52.2 million payable through December 2024.

The 2010 bond agreements require the establishment and maintenance of reserve funds to be used for debt service payments if amounts in the bond funds are insufficient to make payments. Reserve funds are also required for any positive arbitrage due to the federal government.

Department of Transportation

The North Dakota Department of Transportation (NDDOT) is authorized pursuant to NDCC 24-02, to issue grant and revenue anticipation bonds for the purpose of financing certain qualified federal aid transportation projects. The Series 2005 Bonds are limited obligations of NDDOT, payable solely from federal transportation funds, pledged state highway funds and other moneys. The Series 2005 Bonds will not be deemed or construed as creating an indebtedness of the State within the meaning of the State Constitution or laws of the State concerning or limiting the creation of indebtedness of the State. The total principal and interest remaining to be paid on the bonds is $21.3 million payable through June 2020. For the current year principal and interest paid and total net pledged revenues before interest expense were $5.3 million and $5.3 million respectively. The funds pledged for the NDDOT 2005 bond issue consist of state funds in the

State Highway Fund from the following sources: Highway Tax Distribution Fund, fee and permit revenues, interest revenue and miscellaneous sales of scrap materials and obsolete equipment. The pledged funds do not include any funding deposited into the State Highway Fund from the State General Fund. The proportion of the specific revenue stream pledged was 98.5% in 2016.

Interest on the Series 2005 Bonds is payable on June 1 and December 1, of each year. Bonds maturing on or after June 1, 2016, are subject to redemption prior to maturity at the option of NDDOT, at any time on or after June 1, 2016, at a redemption price equal to 100% of the principal amount plus accrued interest.

Student Loan Trust

Interest is payable semiannually on June 1 and December 1 of each year. The 2004 Series A Bonds are variable rate bonds. The rate of interest is determined based on the lesser of either the one-month LIBOR plus 0.7% or Federal Home Loan Bank plus 0.7%. The maximum rate of interest is 12% per annum. Details of the terms and provisions of the variable rate bonds are outlined in Section 2.1 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution. Section 2.2 of the Fourth Supplemental Resolution to the State of North Dakota Student Loan Revenue Bonds First General Bond Resolution has deemed these to be Federally Taxable Bonds. The Series 2004 Bonds are subject to redemption prior to maturity at the option of the Commission from any source of funds, in whole or in part, on any date at a redemption price equal to 100% of the principal amount plus accrued interest to date of redemption.

The total principal and interest remaining to be paid on the outstanding bond is $1.1 million payable through June 2029. For fiscal year 2016, revenue pledged and total principal and interest paid by Student Loan Trust were $237,000 and $10,000, respectively

Housing Finance

Housing Finance Bonds were issued to provide financing to purchase mortgage loans to finance multifamily housing projects. The bonds are the direct obligation of the Housing Finance Agency and are secured by the mortgage loans purchased under the applicable resolutions; the revenues, prepayments, insurance and foreclosure proceeds received related to the mortgage loans; and certain funds and accounts established pursuant to the applicable bond resolution.

Revenues Pledged – The agency has homeownership bonds outstanding in the amount of $788.7 million maturing at various times from July 1, 2016 through January 1, 2047. The bonds have been issued to provide financing to purchase mortgage loans. Annual principal and interest payments on the bonds are expected to require 98 percent of net revenues. Principal and interest paid for the current year and total customer net revenues were $112.8 million and $17.7 million, respectively. Bond principal was reduced through customer revenues and the refunding of older bonds with proceeds from new bond issues.

Pursuant to the Series Resolutions adopted to date and under the 1994 and 2009 General Resolutions, the revenues generated by the Program Loans (but not the Program Loans themselves) are pledged to secure the Bonds. The Agency is permitted by terms of the General Resolutions to issue Bonds and pledge Revenues pursuant to the Series Resolution which exceed the amount required to meet the obligations of that Series of Bonds. In such event, it is likely that any such Series of bonds would produce excess Revenues which could be available to redeem the related Series of bonds or any other Series of Bonds prior to the state maturities thereof.

The Agency also had multifamily revenue bonds in the amount of $9 million maturing on September 1, 2016. The bonds have been issued to pay a portion of the cost of acquiring, rehabilitating, equipping and improving a 96-unit multifamily residential rental property located in Minot, North Dakota. The bonds will be payable solely from the revenues and other money assigned to secure that payment, which include payment required by the loan agreement. Such payment shall cover the entire principal and interest payment for the bond.

University System

Revenue bonds are limited obligations of the University System. The principal and interest on the bonds are payable generally from the net income of specific auxiliary activities, designated student fees, interest subsidies and debt service reserve funds. These revenues are generally pledged to the payment of bonds in accordance with the specific terms of the specific indenture. Net pledged revenues for fiscal year 2016 were $17.2 million. Principal and interest paid for the current fiscal year were $17.2 million, with total remaining principal and interest of $321.13 million payable through August 2044.

State Fair Association

Capital Financing Program Bonds Series 2015 – Interest is payable semi-annually on June 1 and December 1 of each year. The bonds maturing on June 1, 2029 are not subject to optional redemption prior to maturity except under extraordinary circumstances. The bonds are secured by the Association's net revenues and by the lodging tax proceeds from the City of Minot, North Dakota.

Major Component Units

Public Finance Authority

The bonds of the Public Finance Authority were issued to provide financing to purchase municipal securities in order to provide local political subdivisions with funds to finance local projects. The bonds are direct obligations of the Public Finance Authority and are secured by municipal securities purchased under the applicable resolutions, interest earnings and certain accounts established pursuant to the applicable bond resolutions. Net pledged revenues for fiscal year 2016 were $19.8 million. Principal and interest paid for the current fiscal year were $35.5 million, with total remaining principal and interest of $666.2 million payable through June 2045.

Municipal securities, and their corresponding interest, are fully or partially charged down when there is potential for a recognized loss. In the current year, the Public Finance Authority foreclosed and sold the property associated with this municipal security and reported a net gain of $1.1 million.

Revenue Bonds outstanding (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/16	
Primary Government				
Governmental:				
Building Authority	2017-2031	1.50-6.25	$ 44,889	
Department of Transportation	2017-2020	3.00-5.00	19,160	
Proprietary:				
Student Loan Trust	6/1/2029	1.16	1,000	1)
Housing Finance:				
Homeownership	2017-2047	0.20-5.75	788,732	1)
Multifamily Revenue	2017	0.40	9,000	1)
University System:				
VCSU—Valley City	2017-2040	2.80-7.05	5,645	
Williston State College	2017-2041	6.90	8,335	
Lake Region State College	2017	3.00-5.125	198	
UND—Grand Forks	2017-2044	0.75-4.25	95,596	
NDSU—Fargo	2017-2039	1.50-6.50	95,015	
NDSCS—Wahpeton	2017-2037	3.76	8,190	
MiSU–Minot	2017-2041	2.00-6.60	12,706	
MaSU—Mayville	2017-2030	1.55-6.63	4,338	
BSC—Bismarck	2017-2033	2.00-4.00	9,186	
State Fair Association	2017-2029	3.00	2,078	
Total Revenue Bonds Payable—Primary Government			$ 1,104,068	
Major Component Units				
Proprietary:				
Public Finance Authority	2017-2045	0.24-8.25	$ 479,595	
University System Foundation	2017-2040	0.75-5.25	56,687	
Total Revenue Bonds Payable—Major Component Units			$ 536,282	

1) Entire amount of bonds payable are not associated with capital assets of the State.

Debt service requirements to maturity on revenue bond issues for the fiscal years ending June 30 are summarized below (expressed in thousands):

Primary Government:

Governmental Activities

Fiscal Year	Principal	Interest
2017	$ 9,690	$ 2,625
2018	10,105	2,207
2019	10,560	1,768
2020	10,345	1,314
2021	5,115	855
2022-2026	16,170	1,608
2027-2031	910	147
2032-2036	-	-
2037-2041	-	-
2042-2046	-	-
2047-2051	-	-
Bond Premium	1,154	(1,154)
Total	$ 64,049	$ 9,370

Business-type Activities

Fiscal Year	Principal	Interest
2017	$ 38,817	$ 32,102
2018	37,077	33,099
2019	37,338	32,172
2020	38,160	31,208
2021	37,716	30,111
2022-2026	176,456	133,036
2027-2031	184,870	101,313
2032-2036	199,468	66,368
2037-2041	177,247	29,567
2042-2046	71,105	6,367
2047-2051	27,335	52
Bond Premium	14,430	(14,431)
Total	$ 1,040,019	$ 480,964

Major Component Units

Fiscal Year	Principal	Interest
2017	$ 24,189	$ 20,775
2018	29,664	21,215
2019	28,570	20,166
2020	26,886	18,982
2021	24,793	17,839
2022-2026	114,639	68,548
2027-2031	127,196	44,889
2032-2036	94,723	17,276
2037-2041	14,769	4,289
2041-2045	11,133	1,337
Bond Premium	33,230	(33,230)
Total	$ 529,792	$ 202,086

2. NOTES PAYABLE

The following is a schedule of notes payable outstanding at June 30, 2016 (expressed in thousands):

Fund Type/Fund	Maturities	Interest Rates	Balance 6/30/16
Primary Government			
Governmental:			
Department of Transportation	2017-2022	4.18	$ 1,261
Office of Management and Budget	2017-2022	4.18	2,517
School for the Deaf	2017-2021	4.8408	113
Proprietary:			
Bank of North Dakota	2017-2029	1.12-5.56	726,942
University System	2017-2030	1.75-5.38	20,244
Total Revenue Bonds Payable—Primary Government			$ 751,077
Major Component Units			
University System Foundation	2017-2036	0.00-4.35	$ 17,395

(1) The Bank of North Dakota issued short-term debt to fund loans on a short-term basis.

Debt service requirements to maturity for notes payable for the fiscal years ending June 30 are summarized below (expressed in thousands):

Primary Government:

Governmental Activities

Fiscal Year	Principal	Interest
2017	$ 564	$ 158
2018	610	132
2019	658	107
2020	709	78
2021	725	49
2022-2026	625	18
2027-2031	`-	-
Total	$ 3,891	$ 542

Business-type Activities

Fiscal Year	Principal	Interest
2017	$ 207,649	$ 17,629
2018	7,927	17,335
2019	88,246	15,093
2020	48,539	14,200
2021	28,861	12,080
2022-2026	330,428	26,197
2027-2031	34,975	2,119
2032-2036	561	22
Total	$ 747,186	$ 104,675

Major Component Units

Fiscal Year	Principal	Interest
2017	$ 300	$ -
2018	1,551	318
2019	1,351	269
2020	2,037	210
2021	4,942	65
2022-2026	86	18
2027-2031	6,841	74
2032-2036	128	49
2037-2041	159	18
Total	$ 17,395	$ 1,021

Changes in General Long-Term Liabilities

Changes in Long-Term Liabilities for the year ended June 30, 2016, are summarized as follows (expressed in thousands):

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Notes Payable	$ 4,412	$ -	$ (521)	$ 3,891	$ 564
Bonds Payable	129,345	-	(65,296)	64,049	9,690
Capital Leases Payable	600	195	(328)	467	217
Compensated Absences	45,877	31,361	(29,684)	47,554	3,523
Claims/Judgments Payable	8,854	8,282	(5,445)	11,691	2,398
OPEB Obligation	1,066	421	(329)	1,158	-
Total Long-Term Liabilities	$ 190,154	$ 40,259	$ (101,603)	$ 128,810	$ 16,392
Business-Type Activities*:					
Notes Payable	$ 665,792	$ 615,000	$ (533,606)	$ 747,186	$ 207,649
Bonds Payable	890,192	307,263	(157,436)	1,040,019	38,817
Capital Leases Payable	41,224	4,435	(7,126)	38,533	4,218
Intergovernmental Payable	9,631	17,012	(17,376)	9,267	5,201
Compensated Absences	36,039	4,038	(3,799)	36,278	4,926
Dividends Payable	103,055	156,838	(103,055)	156,838	156,838
Claims/Judgments Payable	1,097,241	203,515	(186,733)	1,114,023	135,693
Total Long-Term Liabilities	$ 2,843,174	$ 1,308,101	$ (1,009,131)	$ 3,142,144	$ 553,341
Major Component Units*:					
Notes Payable	$ 12,484	$ 11,000	$ (6,089)	$ 17,395	$ 1,850
Bonds Payable	353,939	207,569	(25,226)	536,282	26,962
Capital Leases Payable	1,549	-	(54)	1,495	57
Intergovernmental Payable	390	26	(44)	372	27
Compensated Absences	31	-	(7)	24	24
Total Long-Term Liabilities	$ 368,393	$ 218,595	$ (31,420)	$ 555,568	$ 28,920

*Included above are amounts classified as Due to Component Units in the Statement of Net Position for the University System as follows, expressed in the thousands.

	Business-Type Activities		Major Component Units	
	Total	Current	Total	Current
Notes Payable	$ 317	$ 51	$ 17,394	$ 1,850
Bonds Payable	22,865	1,490	56,687	3,731
Capital Leases Payable	21,639	1,384	1,495	57
Intergovernmental Payable	-	-	354	21
Total	$ 44,821	$ 2,925	$ 75,930	$ 5,659

Bonds payable reductions include amortization of premium and discount.

Internal service funds predominately serve the governmental funds. Accordingly, long-term liabilities for them are included as part of the above totals for governmental activities. At year end, $2,410,263 of internal service fund compensated absences and $10,585,709 of claims and judgments are included in the above amounts. Other governmental activities compensated absences generally have been liquidated by the General Fund (64%), the Highway Fund (12%), the Federal Fund (14%), and other various funds. Other governmental activities claims and judgments have all been liquidated by the Petroleum Release Compensation Fund.

3. REFUNDED DEBT

Water Commission

The Water Commission was granted authority to issue bonds to finance various flood control and pipeline projects throughout the state of North Dakota.

On November 18, 2014, the State Water Commission defeased the outstanding $13.67 million Water Development Revenue Refunding Bonds, Southwest Pipeline Project, 2007 Series B without issuing refunding bonds. A deposit was made into an irrevocable trust account with an escrow agent to provide for all the future debt service payments. As of June 30, 2016, $10,650,000 of the 2007 Series B Bonds outstanding are considered defeased and the liability for those 2007 Series B Bonds is not reflected in the State's financial statements.

On August 1, 2015, the State Water Commission defeased the outstanding $13.54 million Water Development and Management Program Refunding Bonds, 2005 Series A and the $38.985 million Water Development and Management Program Refunding Bonds, 2005 Series A, without issuing refunding bonds. These bonds were paid off with a loan from the Bank of North Dakota. All inter-state loans with the Bank of North Dakota are eliminated. As of June 30, 2016, there are no outstanding bonds.

The difference between the cash flows required to service the old debt and the cash flows required to service the new debt was a positive $5.56 million. This resulted in an economic gain of $7.078 million.

University System

Minot State University

Minot State University issued $3.425 million of Housing & Auxiliary Facilities bonds with an interest rate of 2.04 – 4.0 percent. The bonds were used to recall $3.860 million of outstanding Series 2006 Housing bonds. The bonds were refunded to reduce total debt service payments over the next fourteen years by $836,977. The economic gain realized as a result of the refunding was $687,360.

University of North Dakota

University of North Dakota issued $40.475 million Housing & Auxiliary Facilities bonds with an interest rate ranging from 3.0 percent to 4.0 percent. The bonds were used to recall $38.190 million outstanding Series 2006, Housing & Auxiliary Facilities bonds, respectively. The bonds were refunded to reduce total debt service payments over the next nineteen years by $5.7 million. The economic gain realized as a result of the refunding was $4.3 million.

M. ARBITRAGE REBATE PAYABLE

Arbitrage as it applies to government financing refers to the ability of state governments to obtain funds at a tax-exempt rate of interest and to then invest those funds in investments which earn a higher yield, resulting in a profit to the issuer.

The arbitrage rebate rules require that any earnings from the investment of the tax-exempt bond proceeds which exceed the yield on the bonds be remitted to the federal government.

The State has an arbitrage rebate payable to the federal government of approximately $31,000 at June 30, 2016. These amounts are reported in the Government-wide and Proprietary Fund Type financial statements as an intergovernmental payable.

N. DEFERRED INFLOWS OF RESOURCES

GRANTS RECEIVED PRIOR TO TIME REQUIREMENTS

This amount represents unavailable revenue. The amounts are deferred and recognized as an inflow of resources in the period that the amounts become available

INCREASE IN FAIR VALUE OF HEDGING DERIVATIVES

This amount represents the changes in fair value of futures.

O. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are used to record fair value adjustments to certain assets, deferred outflows of resources, liabilities and deferred inflows of resources to determine fair value disclosures.

During the year ended June 30, 2016, the State implemented GASB Statement No. 72, *Fair Value Measurement and Application*, which addresses accounting and financial reporting issues related to fair value measurements. This statement provides guidance for determining fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and financial derivative instruments and disclosures related to all fair value measurements. As part of the implementation in fiscal year 2016, an adjustment of $9.4 million was made to increase beginning net position.

FAIR VALUE HIERARCHY

In accordance with GASB Statement No. 72, assets, deferred outflows of resources, liabilities and deferred inflows of resources are grouped at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1: Valuation is based upon quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market.

Level 3: Valuation is generated from model-based techniques that use significant assumptions not observable in the market. These unobservable assumptions reflect our own estimates of assumptions that market participants would use in pricing the asset or liability. Valuation techniques include use of option pricing models, discounted cash flow models and similar techniques.

Investments that are measured at fair value using the net asset value per share (or its equivalent) as practical expedient are not classified in the fair value hierarchy.

DETERMINATION OF FAIR VALUE

In accordance with GASB Statement No. 72, fair values are based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. It is the State's policy to maximize the use of observable inputs and minimize the use of unobservable inputs when developing fair value measurements, in accordance with the fair value hierarchy.

The following is a description of the methodologies used for instruments measured at fair value.

Securities classified in Level 1 are valued using quoted prices in active markets for those securities. Securities classified in Level 2 and Level 3 are valued using methodologies such as various bid evaluations, market averages and other matrix pricing techniques as well as values derived from associated traded securities or last trade data. In instances where inputs used to measure fair value fall into different levels, the fair value is categorized based on the lowest level input that is significant to the valuation.

Investments valued at the net asset value (NAV) per share (or its equivalent) have been classified separately and include investments considered to be Alternative Investments as defined by the AICPA. The definition includes investments for which a readily determinable fair value does not exist (that is, investments not listed on national exchanges or over-the-counter markets, or for which quoted market prices are not available from sources such as financial publications, the exchanges, or NASDAQ). These types of investments can be held within any of the asset classes used by the State based on underlying portfolio holdings and analysis of risk and return relationships. These investments can be structured in different ways, including limited partnerships, limited liability companies, common trusts and mutual funds. Some are closed-ended with a specific life and capital commitment while others are open-ended with opportunity for ad hoc contributions or withdrawals and termination upon proper notice.

Commingled/Mutual Funds - These types of funds are generally open-ended funds and may be utilized in equities or fixed income asset classes. They are funds made up of underlying securities that have readily available fair values (publically traded stocks or bonds). The State owns units of these funds rather than the individual securities. Contributions or withdrawals from these funds can be made as needed, generally with daily or monthly liquidity, with a

notice period of one to fifteen days. Because they are liquid funds, there are no unfunded commitments for these types of investments.

Private Equity - Private Equity investments are typically private interests in corporations across different areas of the capital structure and in different stages of the corporations' development via limited partnership vehicles. Private Equity investments are illiquid and long term in nature (10-12 years), typically held until maturity. Private Equity portfolios generally have a "J-Curve Effect" whereby there are low to negative returns in the initial years due to the payment of investment management fees and initial funding of investments made by the General Partner during a period when investments are typically carried at cost and returns have not been realized. To diversify the program, Private Equity investments are made across business cycles, vintage years, and different strategies. The State has a dedicated asset class for private equity investments. The State does not the option to request redemptions from its private equity funds. The General Partner distributes earnings and proceeds from the sale of the underlying investments as transactions occur. The State has $105.3 million in unfunded private equity commitments as of June 30, 2016.

Venture Capital - These include investments in companies in a range of stages of development from start-up/seed stage, early stage, and later/expansion stage. Investments are typically made in years one through six and returns typically occur in years four through ten.

Buyouts – These include investments in funds that seek out and purchase underperforming or undervalued companies in order to improve them and sell them or take them public many years later. These funds are also often involved in management buyouts, which are buyouts conducted by the management of the company being purchased, and they often play key roles in leveraged buyouts, which are buyouts that are funded with borrowed money.

Distressed Debt - These include investments in the debt instruments of companies which may be publicly traded or privately held that are financially distressed and are either in bankruptcy or likely candidates for bankruptcy. Typical holdings are senior and subordinated debt instruments, mortgages and bank loans. The State includes these types of investments in its private equity asset class. As of June 30, 2016, unfunded commitments in two of the four distressed debt funds totaled $21.7 million. Those two funds are not eligible for redemptions. Of the other two funds, one is in wind-down with final distributions expected in the next 12-18 months and the other fund is eligible for redemptions with quarterly liquidity and 60 days notice. Neither has an unfunded commitment.

Mezzanine Debt - This strategy is a hybrid of debt and equity financing. It is basically debt capital that gives the lender the rights to convert to an ownership or equity interest in the company if the loan is not paid back in time and in full. It is generally subordinated to senior debt. The State utilizes this strategy, through a limited partnership structure, in its below investment grade fixed income allocation. The two funds in this category are not eligible for redemptions, have remaining lives of 3-6 years, and unfunded commitments of $13.2 million as of June 30, 2016.

Equity Long/Short - This strategy is a combination of long and short positions, primarily in publicly traded equities. The State utilizes this strategy in its US equity allocations. This is an open-ended fund with monthly liquidity with a notice period of 15 days. There was no unfunded commitment as of June 30, 2016.

Real Estate and Real "Tangible" Assets - These investments are intended to provide allocations to tangible assets that are expected to be inflation protected and provide performance above the inflation rate as indicated by the CPI. Investments are generally structured as limited partnerships or limited liability companies. Investments in Real Estate and Real Estate Assets include:

Real Estate – includes investments in private vehicles through limited partnerships or commingled vehicles that have an ownership interest in direct real estate properties. The investment strategies may include "value added" strategies, which derive their return from both income and appreciation, "opportunistic", which derive their return primarily through appreciation, and "alternative" which invest in less traditional types of property. Both domestic and international real estate funds are utilized. The State has a dedicated asset class for these types of investments. There are currently 10 different real estate funds in the portfolio. Two of those funds are open-ended vehicles that accept redemption request quarterly with a 30-90 day notification period. One fund is in wind-down and will be distributing the final proceeds within the next 12-18 months. The remaining seven funds are closed-ended limited partnerships that are not eligible for redemptions. Those seven funds have a combined unfunded commitment of $112.2 million.

Timberland – includes investments in limited liability companies that have an ownership interest in properties where the value of the property is derived mainly from income-producing timber but also from the "higher and better use" value of the underlying land. The State has a dedicated asset class for these types of investments. There are three funds in the portfolio and they have no unfunded commitments. The funds are not eligible for redemption other than distributions of income and/or proceeds as determined by the investment manager. The funds have remaining lives of 3-9 years.

Infrastructure – includes investments in limited partnerships that have an ownership interest in transportation assets such as toll roads, tunnels and bridges; and regulated assets such as electricity transmission, gas and oil distribution and wastewater collection. Other possible investments would include communication assets and social infrastructure. The State has a dedicated asset class for these types of investments. The infrastructure investments in the portfolio as of June 30, 2016, include both open and closed-ended funds. The open-ended funds have no unfunded commitments and are eligible for redemptions quarterly with 90 days notice. There may be a 3-12 month queue for receiving redemptions. The closed-ended funds have unfunded commitments of $100.1 million at June 30, 2016 and are not eligible for redemptions.

Interest Rate Swap Agreements

Fair values for interest rate swap agreements are based upon the settlement value adjusted by estimated nonperformance risk.

Derivative Instruments

Fair values of the grain future contracts are determined on the Minneapolis Grain Exchange.

Fair Value

The following table shows the fair value leveling of the State's assets and liabilities at June 30 (expressed in thousands).

Primary Government

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/16	Level 1	Level 2	Level 3
Short term securities:				
Short term bills and notes	$ 118,569	$ -	$ 118,569	$ -
Total short term bills and notes	**118,569**	**-**	**118,569**	**-**
Fixed income investments:				
Asset backed securities	232,719	-	230,639	2,080
Bank loans	7,524	-	7,524	-
Commercial mortgage-backed	159,398	-	157,998	1,400
Corporate bonds	1,759,260	-	1,756,465	2,795
Corporate convertible bonds	8,502	-	8,312	190
Funds - Fixed Income ETF	145,577	145,577	-	-
Government Agencies	1,779,844	1,670,943	108,901	-
Government Bonds	877,964	-	877,964	-
Government MBS	1,778,181	-	1,777,335	846
Government - issued Commercial Mortgage-Backed	57,491	-	57,491	-
Index Linked Government Bonds	35,465	-	35,465	-
Municipal / Provincial Bonds	44,591	-	44,591	-
Non- Government Backed C.M.O.s	97,621	-	92,079	5,542
Other Fixed Income	6,528	-	6,528	-
Total fixed income investments	**6,990,665**	**1,816,520**	**5,279,861**	**12,853**
Equity Investments:				
Common stock	3,308,268	3,303,053	4,378	837
Convertible equity	1,495	899	596	-
Funds - Common stock	22,430	22,430	-	-
Funds - Equities ETF	200,641	200,641	-	-
Preferred stock	33,285	33,284	1	-
Rights / Warrants	12	-	-	12
Stapled securities	2,228	2,228	-	-
Total equity investments	**3,568,359**	**3,562,535**	**4,975**	**849**
Other Investments:				
Commodity ETF	1	1	-	-
Currency	4,400	-	4,400	-
FX Contracts	1,546	-	1,546	-
Global Tactical Asset Allocation MF	492,884	492,884	-	-
Master Limited Partnership	115,439	115,439	-	-
REITs	10,509	10,509	-	-
Swaps	863	-	863	-

Total other investments	**625,642**	**618,833**	**6,809**	**-**
Derivative Investments:				
Exchange cleared swaps	(6,584)	-	(6,584)	-
Options	(38)	(52)	14	-
Swaps	11,682	-	11,679	3
Grain future contracts	149	149	-	-
Total derivative investments	**5,209**	**94**	**5,109**	**3**
Total investments by fair value level	**$11,308,444**	**$ 5,997,985**	**$ 5,296,754**	**$13,705**

INVESTMENTS MEASURED AT THE NET ASSET VALUE (NAV)	Fair Value 6/30/16	Unfunded Commitments	Redemption Frequency (If currently eligible)	Redemption Notice Period
Commingled Funds – Debt	$ 1,510,097	$ -	Daily, monthly	1 - 15 days
Commingled Funds - Equities	1,938,777	-	Daily, monthly	1 - 15 days
Commingled Funds - Fixed Income	160,783	-	Daily	< 5 days
Distressed Debt	268,329	21,735	Quarterly, not eligible	60 days
Long / short	167,752	-	Monthly	15 days
Mezzanine Debt	3,686	13,147	Not eligible	Not eligible
Private Equity	159,340	105,293	Not eligible	Not eligible
Real Assets	1,936,373	325,297	Quarterly, not eligible	30 - 90 days
Total investments measured at the NAV	**6,145,137**	**$465,472**		
Total	$17,453,581			

Component Units

INVESTMENTS MEASURED AT FAIR VALUE	Fair Value 6/30/16	Level 1	Level 2	Level 3
Short term securities				
Short term bills and notes	$ 91	$ 71	$ 20	$ -
Total short term securities	**91**	**71**	**20**	**-**
Fixed income investments:				
Gov't Agencies	70	70	-	-
Other Fixed Income	76	76	-	-
Total fixed income investments	146	146	-	-
Equity Investments:				
Stock	15	15	-	-
Other equities	1,361	1,361	-	-
Total equity investments	**1,376**	**1,376**	**-**	**-**
Other Investments:				
Real estates	9,422	-	-	9,422
Mineral acres	23	-	-	23
Total other Investments	**9,445**	**-**	**-**	**9,445**
Total investments	$ 11,058	$ 1,593	$ 20	$ 9,445

NOTE 4 – NET POSITION

The government-wide Governmental Activities Statement of Net Position reports $3,841,520,824 of restricted net position, of which $1,310,167,821 is restricted by enabling legislation.

NOTE 5 – FUND BALANCE

Fund Balances Classifications – The Governmental Accounting Standards Board, in Statement No. 54, requires presentation of governmental fund balances by specific purpose. In the basic financial statements, the fund balance

classifications are presented in the aggregate. The tables presented below further display the fund balances by major purpose.

Governmental Fund Balance By Purpose

	General	Special Revenue Federal	Special Revenue State	Nonmajor Governmental Funds	Total
Fund Balances:					
Nonspendable					
Inventory	$ 3,261,067	$ 11,093,006	$ 9,251,483	$ -	$ 23,605,556
Long – Term Receivables	25,135,777	5,000	103,394,833	-	128,535,610
Prepaid Expenditures	3,060,077	872,450	4,838,040	-	8,770,567
Legal Requirements	3,877,340,334	-	-	-	3,877,340,334
Permanent Trust Fund	-	-	-	67,997,836	67,997,836
Total Nonspendable	3,908,797,255	11,970,456	117,484,356	67,997,836	4,106,249,903
Restricted for:					
State Education Aid	-	-	608,460,325	-	608,460,325
Distribution to Common Schools	-	-	3,720,729,899	-	3,720,729,899
Health & Human Services	-	-	2,970,909	-	2,970,909
Judicial & Legal	-	-	183,296	-	183,296
Public Safety & Corrections	-	-	3,484,233	-	3,484,233
Agriculture & Commerce	-	-	36,331,235	-	36,331,235
Highway Projects	-	-	1,011,516,170	-	1,011,516,170
Transportation	-	-	23,892,063	-	23,892,063
Debt Services	-	-	-	7,844,974	7,844,974
Strategic Investments & Improvements	-	-	11,875,289	-	11,875,289
Other	-	-	572,760,609	-	572,760,609
Total Restricted	-	-	5,992,204,028	7,844,974	6,000,049,002
Committed to:					
Tobacco Prevention	-	-	60,125,265	-	60,125,265
Judicial & Legal	-	-	8,262,774	-	8,262,774
Public Safety & Corrections	35,197,389	-	2,224,822	-	37,422,211
Agriculture & Commerce	22,726,693	-	20,479,670	-	43,206,363
Strategic Investments & Improvements	-	-	364,666,904	-	364,666,904
Property Tax Relief	203,141,843	-	-	-	203,141,843
Stabilization	575,919,333	-	-	-	575,919,333
Other	160,509,547	-	161,145,759	206,345	321,861,651
Total Committed	997,494,805	-	616,905,194	206,345	1,614,606,344
Assigned to:					
Human Services Operations	-	-	59,474,519	-	59,474,519
Judicial & Legal	-	-	9,510,613	-	9,510,613
Public Safety & Corrections	-	-	10,527,265	-	10,527,265
Total Assigned	-	-	79,512,397	-	79,512,397
Unassigned	421,702,619	(3,376,686)	-	-	418,325,933
Total Fund Balances	$ 5,327,994,679	$ 8,593,770	$ 6,806,105,975	$ 76,049,155	$ 12,218,743,579

NOTE 6 – RETIREMENT SYSTEMS

A. DESCRIPTION OF PLANS

The State of North Dakota administers four major retirement systems: North Dakota Public Employees' Retirement System, North Dakota Highway Patrolmen's Retirement System, Retirement Plan for the Employees of Job Service North Dakota and the Teachers' Fund for Retirement. The State also administers the North Dakota Defined Contribution Retirement Plan, which was established January 1, 2000. Certain state employees may also participate in a privately administered retirement system: Teachers' Insurance Annuity Association. The following is a brief description of each plan. More detailed information can be found in the plan agreements and the related legislation.

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM (PERS)

The North Dakota Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all employees of the State of North Dakota, its agencies, and various participating political subdivisions (Main System). It also covers Supreme and district court judges, the National Guard Security Officers and Firefighters, and as of August 1, 2003, peace officers and correctional officers employed by political subdivisions. Effective August 1, 2015, current and newly eligible members of the National Guard System will transfer to the Law Enforcement System. It is not subject to the provisions of the Employee Retirement Security Act of 1974. PERS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

At June 30, 2016, the number of participating political subdivisions in PERS was:

Cities	89
Counties	49
School Districts	123
Other	75
Total Participating Local Political Subdivisions	336

Administration

The North Dakota Retirement Board was created by the State Legislature and is the governing authority of PERS. Benefit and contribution provisions are administered in accordance with chapter 54-52 of the North Dakota Century Code.

Responsibility for administration of the three defined benefit pension plans is assigned to a Board comprised of nine members. The Board consists of a Chairman, who is appointed by the Governor; one member appointed by the Attorney General; one member appointed by the State Health Officer; two members of the legislative assemble appointed by a chairman of the legislative management, three members elected by the active membership of the NDPERS system; and one member elected by the retired public employees.

The costs of administering the plan are financed through the contributions and investment earnings of the plan.

Benefits

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members are entitled to unreduced monthly pension benefits beginning when the sum of age and years of credited service equals or exceeds 85 (Rule of 85), or at normal retirement age (65). For members hired on or after January 1, 2016 the Rule of 85 will be replaced with the Rule of 90 with a minimum age of 60. The annual pension benefit is equal to 2.00% of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 55-64, with three or more years of service. Supreme and district court judges are entitled to unreduced monthly pension benefits beginning at the normal retirement age (65) or Rule of 85. The monthly pension benefit for Supreme and district court judges is equal to a percentage of average monthly salary using the highest 36 consecutive months out of the last 180 months of service. The percentage is equal to 3.5% of final average monthly salary multiplied by the first 10 years of service, plus 2.80% of the average monthly salary times the second 10 years of service, plus 1.25% of average monthly salary times years of service in excess of 20 years. The judicial retirement formula is only applied to eligible judicial service. Non-judicial service benefits are calculated using the 2.00% multiplier. The plan permits early retirement at ages 55-64, with five or

more years of service for supreme and district court judges. The monthly pension benefit for National Guard at normal retirement age (55). Effective August 1, 2015, the National Guard System will become part of the Law Enforcement System. Members of the Law Enforcement are entitled to unreduced monthly pension benefits at normal retirement age (55) or the rule of 85. The monthly pension benefit for the National Guard/Law Enforcement is equal to 2.00 percent of their average monthly salary, using the highest 36 months out of the last 180 months of service, for each year of service. The plan permits early retirement at ages 50-55 with three or more years of service for members.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the employee's accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active employee dies with less than three years of service for the Main System and National Guard/Law Enforcement, or less than five years of service for Supreme and district court judges, a death benefit equal to the value of the employee's accumulated contributions, plus interest, is paid to the employee's beneficiary. If the employee has earned more than three years of service for the Main System and National Guard/Law Enforcement, the surviving spouse will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50% of the employee's accrued normal retirement benefit, or monthly payments in an amount equal to the employees' accrued 100% joint and survivor retirement benefit if the member had reached normal retirement age prior to date of death. If the surviving spouse dies before the employee's accumulated pension benefits are paid, the balance will be payable to the surviving spouse's designated beneficiary.

For judges only who have earned five years of credited service, the death benefit is changed to the greater of (i) lump sum payment of accumulated contributions, and (ii) 100% of the member's accrued benefit (not reduced on account of age), payable for the spouse's lifetime.

Eligible members who become totally disabled after a minimum of 180 days of service receive monthly disability benefits that are equal to 25% of their final average salary with a minimum benefit of $100. To qualify under this section, the member has to become disabled during the period of eligible employment and apply for benefits within one year of termination. The definition for "disabled" is set by the Board in the North Dakota Administrative Code.

For Judges only, the disability benefit formula is changed to 70% of final average salary minus social security and workers compensation benefits.

Refunds of Member Contributions

Upon termination, if a member is not vested (is not 65 or does not have three years of service for the Main System and National Guard/Law Enforcement, or five years of service for the Supreme and district court judges, credited for PERS), they will receive the accumulated member contributions plus interest. If an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

Contributions

Contribution rates are set by state statute and are a percentage of salaries and wages.

In 2011, the Legislative Assembly passed an increase in the employee and employer contribution rates for the PERS, Judges and Law Enforcement plans. Both the employee and employer contribution rates increased for each of the plans by an additional 1% (.5% for the Law Enforcement Plans for political subdivisions) effective January 2012 and January 2013. The 2013 Legislative Assembly also passed an increase in the employee and employer contribution rates for the PERS, Judges, National Guard and Law Enforcement plans. Effective January 2014, both the employee and employer contribution rates were increased for each of the plans by an additional 1% (.5% for the National Guard and Law Enforcement Plans for political subdivisions). Members that made a qualifying election under Senate Bill 2015 to move from the Defined Contribution Plan back to the Defined Benefit Plan have a 2% increase on employee contributions.

Member contributions are set by state statue and are a percentage of salaries and wages. During the 1983-1985 biennium, the State implemented the employer pickup provision of the IRS code, whereby a portion or all of the required member contributions are made by the employer. The State is paying 4% of the full member contribution. Some of the

political subdivisions are paying all or part of the member contributions. Employer contributions are set by statue except the contribution rates for the National Guard/Law Enforcement Plans which are set by the Board. Contribution rates are established as a percent of covered compensation as follows:

	Member Contributions	Employer Contributions
PERS*	7.00%	7.12%
Judges Retirement System	8.00%	17.52%
Law Enforcement with previous service		
State – BCI Plan**	6.00%	10.31%
State – National Guard	5.50%	9.81%
Political subdivisions	5.50%	9.81%
Law Enforcement without previous service	5.50%	7.93%

*Members making the election to move from the Defined Contribution Plan back to the Defined Benefit Plan as a result of Senate Bill 2015 pay a 9.00% employee contribution.

**Effective July1, 2016, the BCI membership contribution will be 6.00% and the employer rate will be 9.81%.

The entry age normal cost method determines the amount of contributions necessary to fund; (a) the current service cost, which represents the estimated amount necessary to pay for benefits earned by employees during the current service year and, (b) the prior service cost, which represents the amount necessary to pay for benefits earned prior to the effective date of the plan.

Except for Supreme and district court judges, the member's account balance includes the vested employer contributions equal to the members contributions to an eligible deferred compensation plan.

The minimum member contribution is $25, and the maximum may not exceed certain parameters based upon years of service. Currently, the present rate of contributions for the PERS and Law Enforcement without previous service plans are not sufficient to meet the actuarially determined requirement for 2016-2017.

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

The North Dakota Highway Patrolmen's Retirement System is a single-employer defined benefit pension plan covering substantially all sworn officers of the Highway Patrol of the State of North Dakota. It is not subject to the provisions of the Employee Retirement Income Security Act of 1974. NDHPRS issues a publicly available financial report that may be obtained by writing to North Dakota Public Employees Retirement System, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

Administration

The North Dakota Retirement Board was created by the State Legislature and is the governing authority of NDHPRS. See PERS Administration note for composition of the Retirement Board. Benefit and contribution provisions are administered in accordance with chapter 39-03 of the North Dakota Century Code.

The costs of administering the plan are financed through the contributions and investment earnings of the plan.

Benefits

Pension benefits are set by statute. The System has no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Members are entitled to unreduced pension benefits upon attainment of age 55 and 10 years of eligible employment or when the sum of age and years of credited service equals or exceeds 80. The annual pension benefit is equal to a percentage of average monthly salary using the highest 36 months out of the last 180 months of service. The percentage is equal to the sum of the first 25 years of service multiplied by 3.60% and 1.75% multiplied by years of service in excess of 25, if any. The plan permits early retirement at ages 50-54, with ten or more years of service.

Members may elect to receive the pension benefits in the form of a single life, joint and survivor, term-certain annuity, or partial lump sum with ongoing annuity. Members may elect to receive the value of their accumulated contributions, plus interest, as a lump sum distribution upon retirement or termination, or they may elect to receive their benefits in the form of an annuity. For each member electing an annuity, total payment will not be less than the members' accumulated contributions plus interest.

Death and Disability Benefits

Death and disability benefits are set by statute. If an active member dies with less than 10 years of credited service, a death benefit equal to the value of the member's accumulated contributions, plus interest, is paid to the member 's beneficiary. If the member has earned more than 10 years of credited service, the surviving spouse, if any, will be entitled to a single payment refund, life-time monthly payments in an amount equal to 50 percent of the member 's accrued normal retirement benefit. If the surviving spouse dies before the member 's accumulated pension benefits are paid, the balance will be payable to any designated beneficiary.

Eligible member s who become totally disabled after a minimum of 180 days service receive monthly disability benefits that are up to 70 percent of their final average salary, reduced by workers compensation with a minimum benefit of $100. To qualify under this section, the member must meet the criteria established by the Retirement Board for being totally disabled and apply for benefits within one year of termination.

Refunds of Member Contributions

Upon termination, if a member is not vested (is not 65 or is not 60 or does not have ten years of service credited for NDHPRS), they will receive the accumulated member contributions plus interest. If an employee has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated employee contribution and is subsequently re-employed, they have the option of repurchasing their prior service.

Contributions

Contribution rates for NDHPRS are set by state statute and are a percentage of salaries and wages. The State is paying 10.3% of the member contribution. The member contribution rate is 13.3% and the employer rate is 19.7%.

The entry age normal cost method determines the amount of contributions necessary to fund; (a) the current service cost, which represents the estimated amount necessary to pay for benefits earned by employees during the current service year and, (b) the prior service cost, which represents the amount necessary to pay for benefits earned prior to the effective date of the plan.

An open period of 20 years to fund accrued liabilities for the NDHPRS has been adopted for the July 1, 1996 valuation. Currently, the present rate of contributions is not sufficient to meet the actuarially determined requirement for 2016-2017.

RETIREMENT PLAN FOR THE EMPLOYEES OF JOB SERVICE NORTH DAKOTA (JSND)

The retirement plan for employees of Job Service North Dakota is a single-employer defined benefit public employee retirement plan administered by PERS. The plan is established under NDCC 52-11-01 with benefit provisions established through the plan document, as amended by the Board. This plan document, as amended, is authorized by the Plan Administrator, who is the Executive Director of the agency. JSND issues a publicly available financial report that may be obtained by writing to Job Service North Dakota, PO Box 5507, Bismarck, North Dakota 58506-5507.

Participation in the plan is limited to employees participating in the plan as of September 30, 1980.

Administration

On August 1, 2003, the administrative authority and the net position of the Retirement Plan for Employees of Job Service North Dakota were transferred from the agency to the Public Employees Retirement System Board. This action was based on the passage of House Bill 1064 by the Fifty-eighth Legislative Assembly of North Dakota. The Retirement Plan for Employees of Job Service has an Actuarial Valuation Report produced annually. Requests to obtain or review this report should be addressed to the Executive Director, NDPERS, 400 East Broadway, Suite 505, Bismarck, North Dakota 58501.

The costs of administering the plan are financed through the contributions and investment earnings of the plan.

Benefits

Benefits are established through the plan document, as amended by the Board. The System provides a post-retirement cost-of living adjustment each year based on the Consumer Price Index. Employees are entitled to annual pension benefits beginning at normal retirement age (65). Employees may elect optional retirement eligibility at age 62 with 5 years of credited service, at age 60 with 20 years of credited service, or at age 55 with 30 years of credited service.

Pension benefits are calculated based on the final average earnings (basic monthly earnings averaged over the highest three consecutive years of basic earnings) of the employee multiplied by the sum of:

- 1.5% times years of credited service up to 5 plus;
- 1.75% times years of credited service between 6 and 10 plus;
- 2.0% times years of credited service in excess of 10.

Death and Disability Benefits

The plan provides retirement, disability and death benefits. If death of a participant occurs prior to their annuity starting date, the surviving spouse who has been married at least two years prior to the participant's death or, if married less than two years is a parent of a child of this marriage, then the spouse shall receive monthly benefits. The amount is the greater of the benefit had the participant retired on the day before they died and elected the Contingent Annuitant Option with 55% of their retirement benefit continued to their spouse or 55% of the smaller of 40% of the deceased participant's average monthly earnings or the deceased participant's normal retirement benefit obtained by increasing their credited service by the period of time between their date of death, and the date they would have attained age 60. Upon remarriage of the surviving spouse before age 60, the death benefit will cease.

If a participant becomes totally disabled, they will be eligible for a monthly disability benefit which shall be equal to the greater of 40% of the participant's average annual earnings or the accrued benefit determined as of their date of disability.

Refunds of Member Contributions

Upon termination, if a member of the plan is not vested (is not 65 or does not have three years of service), they will receive the accumulated member contributions and vested employer contributions, plus interest, or may elect to receive this amount at a later date. If the member has vested, they have the option of applying for a refund or can remain as a terminated vested participant. If a member terminated and withdrew their accumulated member contrition and is subsequently reemployed, they have the option of repurchasing their previous service.

Contributions

Contribution rates for the Job Service Retirement Plan are established in the plan document, as amended, which prescribes that they are actuarially determined using the frozen initial liability actuarial cost method which is the same as the aggregate cost method.

Member and employer contributions are set by statute and are established as a percent of covered compensation. Member contribution rates are 3% and employer contribution, on behalf of member, rates are 4% of covered compensation. The System is funded by employee contributions of 7% of retirement wages (of which 4% is paid by the employer in lieu of salary increases). The funding policy of the plan provides for employer contributions at actuarially determined rates that, expressed as percentages of annual covered payroll, are designed to accumulate sufficient assets to pay benefits when due. Effective July 1, 1999, the "scheduled contribution" will be zero as long as the Plan's actuarial value of assets exceeds the actuarial present value of projected benefits. The "scheduled contribution" and amortization will be determined when the plan is not in surplus and will be based on a funding policy adopted by the employer.

TEACHERS' FUND FOR RETIREMENT (TFFR)

The North Dakota Teachers' Fund for Retirement is a cost-sharing multiple-employer defined benefit pension plan covering all North Dakota public teachers and certain other teachers who meet various membership requirements. TFFR provides for pension, death and disability benefits. The cost to administer the TFFR plan is financed by investment income and contributions.

Teachers' Fund for Retirement issues a publicly available financial report that may be obtained by writing to the Retirement and Investment Office, 1930 Burnt Boat Drive, Bismarck, North Dakota 58503.

At June 30, 2016, the number of participating employer units in TFFR was:

Type	Number
Public School Districts	176
County Superintendents	6
Special Education Units	19
Vocational Education Units	5
Other	8
Total	214

Administration

Responsibility for administration of the TFFR benefits program is assigned to a seven-member Board of Trustees (Board). The Board consists of the State Treasurer, the Superintendent of Public Instruction, and five members appointed by the Governor. The appointed members serve five-year terms which end on June 30 of alternate years. The appointed Board members must include two active teachers, one active school administrator, and two retired members. The Board submits any necessary or desirable changes in statues relating to the administration of the fund, including benefit terms, to the Legislative Assembly for consideration. The Legislative Assembly has final authority for changes to benefit terms and contributions rates.

Benefits

For purposes of determining pension benefits, members are classified within one of three categories. Tier 1 grandfathered and Tier 1 non-grandfathered members are those with service credit on file as of July 1, 2008. Tier 2 members are those newly employed and returning refunded members on or after July 1, 2008.

Tier 1 Grandfathered - A Tier 1 grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and has reached age 65, or the sum of age and years of service equals or exceeds 85. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 6% per year for every year the member's retirement age is less than 65 years or the date as of which age plus service equal 85. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest annual salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 1 Non-grandfathered - A Tier 1 non-grandfathered member is entitled to receive unreduced benefits when three or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher, and the member has reached the age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55-64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the three highest salaries earned divided by 36 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Tier 2 – A Tier 2 member is entitled to receive unreduced benefits when five or more years of credited service as a teacher in North Dakota have accumulated, the member is no longer employed as a teacher and has reached age 65, or has reached age 60 and the sum of age and years of service credit equals or exceeds 90. TFFR permits early retirement from ages 55 to 64, with benefits actuarially reduced by 8% per year from the earlier of age 60/Rule of 90 or age 65. In either case, benefits may not exceed the maximum benefits specified in Section 415 of the Internal Revenue Code.

Pension benefits paid by TFFR are determined by NDCC Section 15-39.1-10. Monthly benefits under TFFR are equal to the five highest annual salaries earned divided by 60 months and multiplied by 2.00% times the number of service credits earned. Retirees may elect payment of benefits in the form of a single life annuity, 100% or 50% joint and survivor

annuity, ten or twenty-year term certain annuity, partial lump-sum option or level income with Social Security benefits. Members may also qualify for benefits calculated under other formulas.

Death and Disability Benefits

Death benefits may be paid to a member's designated beneficiary. If a member's death occurs before retirement, the benefit options available are determined by the member's vesting status prior to death. If a member's death occurs after retirement, the death benefit received by the beneficiary (if any) is based on the retirement plan the member selected at retirement.

An active member is eligible to receive disability benefits when: (a) a total disability lasting twelve months or more does not allow the continuation of teaching, (b) the member has accumulated one year of credited service in North Dakota, and (c) the Board of Trustees of TFFR has determined eligibility based upon medical evidence. The amount of the disability benefit is computed by the retirement formula in NDCC 15-39.1-10 without consideration of age and uses the member's actual years of credited service. There is no actuarial reduction for reason of disability retirement.

Contributions

Member and employer contributions paid to TFFR are set by NDCC 15-39.1-09. Every eligible teacher in the state of North Dakota is required to be a member of TFFR and is assessed at a rate of 11.75% of salary as defined by NDCC 15-39.1-04. Every governmental body employing a teacher must also pay into TFFR a sum equal to 12.75% of the teacher's salary. Member and employer contributions will be reduced to 7.75% each when the fund reaches 100% funded ratio on an actuarial basis.

A vested member who terminates covered employment may elect a refund of contributions paid plus 6% or defer payment until eligible for pension benefits. A nonvested member who terminates covered employment must claim a refund of contributions paid before 70½. Refunded members forfeit all service credits under TFFR. These service credits may be repurchased upon return to covered employment under certain circumstance defined by state statue.

EMPLOYEE MEMBERSHIP DATA

The following table summarizes employee membership information by plan at the actuarial valuation date:

	PERS	NDHPRS	JSND	TFFR
Retirees and beneficiaries currently receiving benefits:	10,515	123	206	8,249
Special prior service retirees:	3	-	-	-
Terminated Employees:				
Vested	5,456	18	1	1,601
Nonvested	5,277	8	-	779
Active Employees:				
Vested	16,018	67	9	7,433
Nonvested	7,398	89	-	3,380
Total plan membership	44,667	305	216	21,442
Date of annual valuation	July 1, 2016	July 1, 2016	July 1, 2016	July 1, 2016

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PLAN ASSET MATTERS

BASIS OF ACCOUNTING

The public employee retirement systems described above are considered part of the State of North Dakota's reporting entity and are included in the State's financial statements as pension trust funds. The financial statements of these systems are prepared using the accrual basis of accounting. Employee contributions are recognized as revenues in the period in which they are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contribution. Benefits and refunds are recognized when due and payable in accordance with the terms of the plans.

INVESTMENT POLICY

The System's Board is responsible for establishing the investment policy for the fund assets, which includes setting investment goals and specifying the percentage of assets to be invested in various types of investments for PERS, NDHPRS and JSND. The investment goals are viewed over the long term. The Board recognizes the plans' performance objectives, benefit projections, and capital market expectations when determining the asset allocation. The SIB is responsible for managing the System's investments in accordance with the investment policy.

The TFFR Board is responsible for establishing investment policy for the fund assets under NDCC 15-39.1-05.2. Benefit payments are projected to occur over a long period of time. This allows TFFR to adopt a long-term investment horizon and asset allocation policy for the management of fund assets. Asset allocation policy is critical because it defines the basic risk and return characteristics of the investment portfolio. Asset allocation targets are established using an asset-liability analysis designed to assist the Board in determining an acceptable volatility target for the fund and an optimal asset allocation policy mix. This asset-liability analysis considers both sides of the plan balance sheet, utilizing both quantitative and qualitative inputs, in order to estimate the potential impact of various asset class mixes on key measures of total plan risk, including the resulting established impact of funded status and contribution rates.

The following was the asset allocation policy as of June 30, 2016:

	Target Allocation		
	PERS and NDHPRS	JSND	TFFR
Domestic equities	31.0%	31.0%	0.0%
International equities	21.0%	9.0%	0.0%
Private equity	5.0%	0.0%	0.0%
Domestic fixed income	17.0%	55.0%	0.0%
International fixed income	5.0%	5.0%	0.0%
Global real assets	20.0%	0.0%	18.0%
Global equity*	0.0%	0.0%	58.0%
Global fixed income	0.0%	0.0%	23.0%
Cash equivalents	1.0%	0.0%	1.0%
Total	100.00%	100.00%	100.00%

*Private equity is included in the Global Equity asset class.

INVESTMENT RATE OF RETURN

The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested. The annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was as follows for June 30, 2016:

PERS	0.49%
NDHPRS	0.48%
JSND	5.14%
TFFR	0.39%

METHOD USED TO VALUE INVESTMENTS

Investments are recorded at fair value determined by reference to published market data for publicly traded securities and through the use of independent valuation services and appraisals for other investments. The net increase in fair value of investments consists of the realized gains or losses and the unrealized increase or decrease in fair value of investments during the year. Realized gains and losses on sales of investments are computed based on the difference between the sales price and the original cost of the investment. Unrealized increases or decreases are computed based on changes in the fair value of investments between years. Security transactions are accounted for on a trade date basis. Interest income is recognized when earned. Dividend income is recorded on the ex-dividend date.

Investments of PERS and NDHPRS are commingled and invested. Earnings on the investments and expenses relating to administering the plans are allocated to each plan based upon their percentage of ownership or number of participants.

REALIZED GAINS AND LOSSES

Realized gains and losses on sales of investments are components of net change in fair value of investments and are computed as described in note 1. For the year ended June 30, 2016, the following are the net realized gains (losses):

PERS	$66,822,688
NDHPRS	1,872,550
JSND	506,503
TFFR	60,426,737
Retiree Health Insurance Credit	3,305,180
Defined Contribution	(70,697)
Deferred Compensation	77,215

C. FUNDING STATUS AND PROGRESS

NET PENSION LIABILITY OF THE PLANS

The components of the net pension liability of the Plans at June 30, 2016 were as follows (expressed in thousands):

	PERS	NDHPRS	JSND	TFFR
Total pension liability	$ 3,396,566	$ 87,922	$ 61,205	$ 3,589,394
Plan fiduciary net position	(2,414,896)	(65,811)	(96,534)	(2,124,335)
Net pension liability (asset)	$ 981,670	$ 22,111	$ (35,329)	$ 1,465,059
Plan fiduciary net position as a percentage of the total pension liability	71.10%	74.85%	157.72%	59.20%

ACTUARIAL ASSUMPTIONS

PERS and HPRS

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions:

Inflation: 3.50%

Salary Increase (Payroll Growth): 4.50% per annum for Highway Patrol, Main System, National Guard and Law Enforcement; 4% per annum for Judges.

Investment Rate of Return: 8.00%, net of investments expense, including inflation.

Mortality Rates: Mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males (no setback for females) multiplied by 125%.

JSND

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions:

Inflation: 3.50%

Salary Increase (Payroll Growth): 3.50% per annum

Investment Rate of Return: 7.00%, net of investment expense, including inflation.

Cost of Living Adjustment: 3.00 per annum

Mortality Rates - Mortality rates for active members, inactive members and healthy retirees were based on the RP-2000 Combined Healthy Mortality Table, set back two years for males and three years for females, projected generationally using the SSA 2014 Intermediate Cost scale from 2014. For disabled retirees, mortality rates were based on the RP-2000 Disabled Mortality Table, set back one year for males, (no setback for females) multiplied by 125%.

TFFR

The total pension liability was determined by an actuarial valuation as of July 1, 2016, using the following actuarial assumptions:

Inflation: 2.75%

Salary Increase (Payroll Growth): 4.25% - 14.50%; varying by service, including inflation and productivity.

Investment Rate of Return: 7.75%, net of investments expense.

Cost of Living Adjustment: None

Mortality Rates: For active members, mortality rates were based on the RP-2014 Employee Mortality Table, projected generationally using Scale MP-2014. For healthy retirees, mortality rates were based on the RP-2015 Health Annuitant Mortality Table set back one year, multiplied by 50% for ages under 75 and grading up to , 100% by age 80, projected generationally using Scale MP-2014. For disabled retirees, mortality rates were based on the RP-2014 Disabled Mortality Table set forward four years.

INVESTMENT RATE OF RETURN

The long-term expected rate of return on investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates to return by the target asset allocation percentage and by adding expected inflation. Estimates of arithmetic real rates of return, for each major asset class included in the pension plan's target asset allocation is summarized in the following tables:

PERS and NDHPRS	Long-Term Expected Real Rate of Return
Domestic equity	6.60%
International equity	7.30%
Private equity	10.90%
Domestic fixed income	1.49%
International fixed income	-0.45%
Global real assets	5.24%
Cash equivalents	0.00%

JSND	Long-Term Expected Real Rate of Return
Domestic equities	7.16%
Core fixed income	4.26%
Limited duration fixed income	3.18%
Global equity	7.11%
Diversified short-term fixed income	3.54%
Short-term corporate fixed income	2.48%
US high yield	6.13%
Emerging market debt	7.45%

TFFR	Long-Term Expected Real Rate of Return
Global equity	7.30%
Global fixed income	0.90%
Global real assets	5.30%
Cash equivalents	0.00%

DISCOUNT RATE

The discount rate used to measure the total pension liability was as follows: 8.00% for PERS and NDHPRS, 7.00% for JSND and 7.75%% for TFFR. The projection of cash flows used to determine the discount rate assumed plan member and employer contributions will be made at rates equal to those based on the July 1, 2016 Actuarial Valuation Reports. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the services costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions (For JSND, it is assumed no future contribution will be made.), the pension plans' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members as of June 30, 2016. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability as of June 30, 2016.

SENSITIVITY OF NET PENSION LIABILITY

The following presents the net pension liability of the Plans as of June 30, 2016, calculated using the discount rate as follows: 8.00% for PERS and NDHPRS, 7.00% for JSND and 7.75%% for TFFR, as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate

Net Pension Liability (Asset) As of June 30, 2016	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
PERS	$ 1,401,158,232	$ 981,669,810	$ 628,295,237
NDHPRS	33,272,054	22,110,623	12,830,376

Net Pension Liability (Asset) As of June 30, 2016	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
JSND	$ (29,386,845)	$ (35,329,182)	$ (40,412,093)

Net Pension Liability (Asset) As of June 30, 2016	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
TFFR	$ 1,900,291,033	$ 1,465,058,563	$ 1,102,551,032

D. SINGLE EMPLOYER PENSION PLANS

Below are the changes in net pension liability for the State's (primary government) single-employer plans:

Single-employer Plans
Changes in Net Pension Liability
Increases (Decreases)
For the Year June 30, 2016*

	JSND	NDHPRS
Total pension liability (asset)		
Service cost	$ 127,734	$ 2,038,291
Interest	5,026,167	6,007,875
Change of benefit terms	-	-
Difference between expected and actual experience	(1,806,271)	984,241
Changes of assumptions	(309,878)	394,419
Benefit payments, including refund of employee contributions	(4,694,171)	(4,745,510)
Net change in total pension liability (asset)	(1,656,419)	4,679,316
Total pension liability (asset) - beginning	65,046,433	75,432,901
Total pension liability (asset) - ending (a)	$ 63,390,014	$ 80,112,217
Plan fiduciary net position		
Contributions - employer	$ -	$ 2,002,291
Contributions - employee	50,142	1,351,798
Contributions - service credit repurchase	-	96,429
Contributions - other	-	-
Net investment income	3,260,507	2,334,780
Benefit payments, including refund of employee contributions	(4,694,171)	(4,745,510)
Administrative expense	(30,214)	(30,925)
Net change in plan fiduciary net position	(1,413,736)	1,008,863
Plan fiduciary net position - beginning	97,696,628	65,666,865
Plan fiduciary net position - ending (b)	$ 96,282,892	$ 66,675,728
Net pension liability (asset) - ending (a) - (b)	$ (32,892,878)	$ 13,436,489
Plan fiduciary net position as a percentage of the total pension liability (asset)	151.89%	83.23%
Covered employee payroll	$ 673,836	$ 10,145,713
Plan net pension liability (asset) as a percentage of covered employee payroll	-4881.44%	132.44%

*The 2016 information presented has a measurement date of June 30, 2015.

JOB SERVICE NORTH DAKOTA (JSND)

Net Pension Asset

At June 30, 2016, the State recorded a net pension asset of $32,892,878 for all of the Job Service North Dakota pension plan. The net pension asset was measured as of June 30, 2015 and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2016 the State recognized pension expense of $(4,705,352). At June 30, 2016 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

State of North Dakota
Deferred Outflows and Inflows of Resources
June 30, 2016
(Dollars Expressed in Thousands)

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -	$ -	$ -
Changes of assumptions	-	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	(590)	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	-	-	-
Employer contributions subsequent to the measurement date	-	-	-	-
Total	$ -	$ (590)	$ -	$ -

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

	Primary Government	Component Units
2017	$ (94)	$ -
2018	(94)	-
2019	(94)	-
2020	872	-
Total	$ (590)	$ -

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
State's proportionate share of the net pension asset	$ (26,578,200)	$ (32,892,878)	$ (38,280,035)

NORTH DAKOTA HIGHWAY PATROLMEN'S RETIREMENT SYSTEM (NDHPRS)

Net Pension Liability

At June 30, 2016, the State recorded a net pension liability of $13,436,489 for all of the North Dakota Highway Patrolmen's Retirement System pension plan. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2016 the State recognized pension expense of $1,203,461. At June 30, 2016 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

State of North Dakota
Deferred Outflows and Inflows of Resources
June 30, 2016

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 849,598	$ (206,808)	$ -	$ -
Changes of assumptions	340,463	-	-	-
Net difference between projected and actual earnings on pension plan investments	-	(528,226)	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	-	(171)	-	-
Employer contributions subsequent to the measurement date	2,127,355	-	-	-
Total	$ 3,317,416	$ (735,205)	$ -	$ -

$2,127,355 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

	Primary Government	Component Units
2016	$ (225,090)	$ -
2017	(225,090)	-
2018	(225,088)	-
2019	715,126	-
2020	168,103	-
Thereafter	246,895	-
Total	$ 454,856	$ -

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
State’s proportionate share of the net pension asset	$23,140,230	$13,436,489	$5,494,139

E. COST SHARING EMPLOYER PENSION PLANS

NORTH DAKOTA PUBLIC EMPLOYEES' RETIREMENT SYSTEM

Proportionate Share of Net Pension Asset and Liability

The North Dakota Public Employees' Retirement System (PERS) provides retirement benefits to employees of the primary government and its discrete component units as well as to other political subdivision subdivisions (Main System). It also covers Supreme and district court judges, the National Guard Security Officers and Firefighters, and as of August

1, 2003, peace officers and correctional officers employed by political subdivisions. Effective August 1, 2016, current and newly eligible members of the National Guard System will transfer to the Law Enforcement System.

At June 30, 2016, the State recorded a net pension liability of $365,945,102 for all of the PERS system. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2015 the State's proportion was 54.82419036 percent, which is a decrease of 0.33039764 percent from the prior year.

The State's discrete component unit, North Dakota Public Finance Authority, also participates in. At June 30, 2016, the discrete component units recorded a net pension liability of $122,000 for all of the PERS system. The net pension liability was measured as of June 30, 2015 and the total pension liability and asset used to calculate the net pension liability was determined by an actuarial valuation as of that date. The discrete component units' proportion of the net pension liability was based on the their share of covered payroll in the PERS pension plan relative to the covered payroll of all participating employers. At June 30, 2015 the discrete component unit's proportion was 0.017889 percent, which is an increase of 0.000236 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2016 the State recognized pension expense of $33,901,091 and the component unit recognized pension expense of $12,000. At June 30, 2016 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

State of North Dakota
Deferred Outflows and Inflows of Resources
June 30, 2016

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 10,986,680	$ (370,452)	$ 3,000	$ -
Changes of assumptions	-	(34,097,209)	-	(11,000)
Net difference between projected and actual earnings on pension plan investments	782,000	(9,722,251)	14,000	(16,000)
Changes in proportion and differences between employer contributions and proportionate share of contributions	2,309,073	(9,052,911)	1,000	(1,000)
Employer contributions subsequent to the measurement date	44,421,875	-	10,000	-
Total	$ 58,499,628	$ (53,242,823)	$ 28,000	$ (28,000)

$44,421,875 and $10,000 reported as deferred outflows of resources related to pensions resulting from State and component unit contributions, respectively, subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

	Primary Government	Component Units
2016	$ (12,565,098)	$ (3,000)
2017	(12,485,033)	(3,000)
2018	(12,406,970)	(3,000)
2019	5,690,009	2,000
2020	(7,367,609)	(3,000)
Thereafter	(30,369)	-
Total	$ (39,165,070)	$ (10,000)

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7 percent) or 1-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Current Discount Rate (8%)	1% Increase (9%)
State's proportionate share of the net pension liability	$568,137,440	$365,945,102	$200,349,700
Component's proportionate share of the net pension liability	187,000	122,000	69,000

NORTH DAKOTA TEACHERS' FUND FOR RETIREMENT

Proportionate Share of Net Pension Asset and Liability

The North Dakota Teachers' Fund for Retirement (TFFR) provides retirement benefits to North Dakota public teachers and certain other teachers who meet various requirements. At June 30, 2016, the State recorded a net pension liability of $8,872,607 for all of the TFFR. The net pension liability was measured as of June 30, 2015 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The State's proportion of the net pension liability was based on the State's share of covered payroll in the TFFR pension plan relative to the covered payroll of all participating employers. At June 30, 2015 the State's proportion was 0.678409 percent, which is an increase of 0.061884 percent from the prior year.

Deferred Inflows and Outflows of Resources

For the year ended June 30, 2016 the State recognized pension expense of $691,032. At June 30, 2016 the State reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

State of North Dakota
Deferred Outflows and Inflows of Resources
June 30, 2016

	Primary Government		Discrete Component Units	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 58,142	$ -	$ -	$ -
Changes of assumptions	996,242	(132,088)	-	-
Net difference between projected and actual earnings on pension plan investments	-	(100,051)	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	746,781	-	-	-
Employer contributions subsequent to the measurement date	528,217	-	-	-
Total	$ 2,329,382	$ (232,139)	$ -	$ -

$528,217 reported as deferred outflows of resources related to pensions resulting from State contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

	Primary Government	Component Units
2016	$ 204,205	$ -
2017	204,205	-
2018	204,205	-
2019	406,090	-
2020	279,689	-
Thereafter	270,632	-
Total	$ 1,569,026	$ -

Sensitivity of the Employer's proportionate share of the net pension liability to changes in the discount rate.

The following presents the State's proportionate share of the net pension liability calculated using the discount rate of 8 percent, as well as what the State's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
State's proportionate share of the net pension liability	$ 11,725,571	$ 8,872,607	$ 6,493,297

F. PENSION EXPENSE

For the year ended June 30, 2016, the State recognized pension expense as follows:

Pension Plan	Pension Expense
Job Service North Dakota	$ (4,705,352)
ND Highway Patrolmen's Retirement System	1,203,461
ND Public Employees' Retirement System	33,901,091
ND Teachers' Fund for Retirement	691,032
Total	$ 31,090,232

G. DEFINED CONTRIBUTION PLAN

The North Dakota Defined Contribution Retirement Plan was established on January 1, 2000, and is administered in accordance with chapter 54-52.6 of the North Dakota Century Code. The Defined Contribution Plan covers state employees who elect to participate in the plan. Effective October 1, 2013, eligibility was expanded to include all state employees hired on or after October 1, 2013 through July 31, 2017, with the exception of employees eligible for the Highway Patrol Retirement System, Teachers Fund for Retirement or the alternative retirement plan of the Board of Higher Education. The Defined Contribution Plan had 178 participants as of June 30, 2016.

The administrative costs of the Defined Contribution Plan are funded by forfeitures of non-vested employees and administrative fees charged to individual participant accounts.

Benefits

Benefits are set by statute. Members are entitled to their vested account balance. A participating member is immediately 100% vested in the employee's contributions. A participating member vests in the employer contributions made on the member's behalf as follows:

Upon completion of two years of service 50%
Upon completion of three years of service 75%
Upon completion of four years of service 100%

Members may elect to receive their account balance in a lump sum, lump sum direct rollover, or periodic distribution.

Death and Disability Benefits

Death and disability benefits are set by statute. Upon the death of a participating member or former participating member, the vested account balance of that deceased participant is available to the participant's designated beneficiary(ies). A member who becomes totally and permanently disabled while employed by the State is eligible to receive a distribution of the vested account balance. To qualify under this section, the member must meet the criteria established by the System for being totally disabled.

Contributions

Contributions are set by state statute and are a percentage of covered compensation. The State is paying 4% of the member contribution. The member contribution rate is 7.00% and the employer rate is 7.12%. Employer contributions totaled $0.87 million for the year ended June 30, 2016.

The Board, or vendors contracted by the Board, has exclusive authority to invest and manage the assets of the Defined Contribution Retirement Plan. State statute allows each participating employee to direct the investment of the individual's employer and employee contributions and earnings to one or more investment options within the available categories of investment as established by the Board.

H. TEACHERS' INSURANCE ANNUITY ASSOCIATION

The Teachers' Insurance and Annuity Association (TIAA-CREF), a privately-administered defined contribution retirement plan, provides individual retirement fund contracts for eligible employees as defined by the Board of Higher Education in its approved TIAA-CREF retirement resolution. All benefits vest immediately to the participant. Further information can be obtained by writing to TIAA-CREF, Denver Regional Office, 1700 Broadway, Suite 770, Denver, Colorado 80290 or by calling 800-842-2009.

Employees are eligible for retirement benefits after attaining the age of 65, which is payable periodically for life. All benefits vest immediately to the participant. The plan requires employee and employer contributions be based on a classification system and years of service based on the schedule shown below.

Employment Class	Years Of Service	By The Participant	By The Institution	Total
I and III	0 thru 10	4.50%	12.50%	17.00%
	over 10	5.00%	13.00%	18.00%
II	0 thru 2	3.50%	7.50%	11.00%
	3 thru 10	4.50%	12.50%	17.00%
	over 10	5.00%	13.00%	18.00%
IV	Closed to new participants	4.00%	12.00%	16.00%
President/Chancellor (additional employer contribution)	0 thru 12	0.00%	8.33%*	8.33%*
	or			
	less than 3	0.00%	0.00%	0.00%
	3 to less than 6	0.00%	4.00%	4.00%
	6 yrs and over	0.00%	8.00%	8.00%

*A final contribution is made in the year the president terminates employment equal to the difference between total contributions made and the president's final annual salary in year of termination of employment.

Plan contributions are made on a tax-deferred basis in accordance with section 414(h)(2) of the Internal Revenue Code. All contributions are applied as premiums to retirement annuity contracts owned by the participant. The State has no further liability once annual contributions are made. The State contributed $44.7 million to TIAA-CREF during the fiscal year ending June 30, 2016.

NOTE 7 - POST-RETIREMENT BENEFITS

RETIREE HEALTH INSURANCE CREDIT FUND

The Retiree Health Insurance Credit Fund, a cost-sharing multiple-employer plan, is administered by the North Dakota Retirement Board (the Board) to provide members receiving retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC 27-17), and the Highway Patrolmen's Retirement System a credit toward their monthly health insurance premium under the state health plan based upon the member's years of credited service. Effective July 1, 2015, the credit will also be available to apply towards monthly premiums under the state dental, vision and long term care plan and any other health insurance. The Retiree Health Insurance Credit Fund is advance-funded on an actuarially determined basis.

Employee membership is as follows:

Retirees receiving benefit	10,320
Active participants	23,664
Total Membership	33,984

The Retiree Health Insurance Credit Fund has 23,664 active participants at June 30, 2016. The employers' actuarially required contribution was $7,543,743, and the actual employer contributions were $12,349,883 for the periods ended June 30, 2016.

The following are the changes in actuarial assumptions, plan provisions and plan experience of the employer's contribution rates expressed as a percent of covered payroll, and the dollar impact on the actuarial accrued liability:

	ER Contribution Rate as % of Covered Payroll	Actuarial Accrued Liability
Changes in actuarial assumptions	0.29%	$ 38,441,297
Changes in plan provisions	0.00%	-
Changes in plan experience during the year	0.00%	-
	0.29%	$ 38,441,297

The employer contribution for the Public Employees Retirement System, the Highway Patrolmen's Retirement System, and the Defined Contribution Retirement Plan is set by state statute on an actuarially determined basis at 1.14 percent of covered compensation. The employer contribution for employees of the State Board of Career and Technical Education is 2.99 percent of covered compensation for a period of eight years ending October 1, 2015. Employees participating in the retirement plan as part-time/temporary members are required to contribute 1.14 percent of their covered compensation to the Retiree Health Insurance Credit Fund. Employees purchasing previous service credit are also required to make an employee contribution to the Fund. The benefit amount applied each year is shown as *"prefunded credit applied"* on the Statement of Changes in Plan Net Position for the pension trust funds.

Retiree health benefits and death and disability benefits are set by state statute. There are no provisions or policies with respect to automatic and ad hoc post-retirement benefit increases. Employees who are receiving monthly retirement benefits from the Public Employees Retirement System (which includes judges retired under NDCC 27-17), the Highway Patrolmen's Retirement System, or the Defined Contribution Retirement Plan or an employee receiving disability benefits, or the spouse of a deceased annuitant receiving the surviving spouse benefit of if the member selected a joint and survivor option are eligible to receive credit toward their monthly health insurance premium under the state health plan. Effective July 1, 2015, the credit will also be available to apply towards monthly premiums under the state dental, vision and long term care plan and any other health insurance plan. The benefits are equal to $5.00 for each of the employee's years of credited service not to exceed the premium in effect for selected coverage. The retiree health benefit is also available for early retirement with reduced benefits.

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date is as follows (in millions):

Schedule Of Funding Progress
(Dollars In Millions)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Value Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Annual Covered Payroll
June 30, 2014	$ 77.9	$ 116.6	$ 38.7	66.8%	$ 1,001.2	3.9%
June 30, 2015	89.4	128.9	39.5	69.4%	1,052.7	8.0%
June 30, 2016	97.8	176.6	78.8	55.4%	1,142.4	8.0%

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear funding trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits, as obtained from the System's independent actuary's annual valuation reports.

Expressing the actuarial value of assets as a percentage of the actuarial accrued liabilities provides an indication whether the plan is becoming financially stronger or weaker. Generally, the greater the percentage the stronger the retirement plan. Trends in unfunded actuarial accrued liabilities and annual covered payroll are both affected by inflation. Expressing the unfunded actuarial accrued liabilities as a percentage of annual covered payroll aids analysis of progress made in accumulating sufficient assets to pay benefits when due. Generally, the smaller this percentage the stronger the retirement plan.

The accompanying schedule of employer contributions, presented as required supplementary information following the notes to the financial statements, presents trend information about the amounts contributed to the plans by employers in comparison to the Annual Required Contribution (ARC). The ARC is actuarially determined in accordance with the parameters of GASB Statement 50. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost for each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years.

Under the Projected Unit Credit Actuarial Cost Method, benefits are projected to each assumed occurrence of decrement (death, disability, retirement) using service as of the valuation date. The normal cost is equal to the actuarial present value of the benefits allocated to the current year. The actuarial accrued liability for active members is equal to the actuarial present value of the benefits allocated to all prior years. The actuarial accrued liability for members currently receiving benefits and for participants entitled to deferred benefits is the actuarial present value of the benefits expected to be paid. The unfunded actuarial accrued liability is equal to the actuarial accrued liability minus the actuarial value of assets. This amount is amortized as a level percentage of payroll over a fixed period of 40 years, of which 15 years remain.

Actuarial valuations for other postretirement employee benefit plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of other postretirement employee benefit plans reflect a long-term perspective.

The actuarial methods and assumptions for the other postretirement employee benefit plan include techniques that are designed to reduce short-term volatility in the actuarial accrued liabilities and the actuarial value of assets.

Advance Funded Plan

For actuarial purposes, assets are valued utilizing a method which recognizes book value plus or minus realized and unrealized investment gains and losses amortized over a five-year period.

Significant actuarial assumptions employed by the actuary for funding purposes as of June 30, 2016, the date of the latest actuarial valuation include:

Mortality Rates: The RP-2000 Combined Healthy Mortality Table set back two years for males and three years for females, and the RP-2000 Disabled Retiree Mortality Table set back one year for males (not set back for females), multiplied by 125%.

Withdrawal Rates: Rates of withdrawal from active service before retirement for reasons other than death, rates of disability and expected retirement ages developed on the basis of an investigation of actual plan experience.

Interest Rate: 8.00% per annum, net of investment expenses.

Inflation: 3.50% per annum.

Expenses: Prior year expenses, adjusted for inflation.

IMPLICITY SUBSIDY UNFUNDED PLAN

The Implicit Subsidy Unfunded Plan provides health insurance coverage to eligible retirees who are not eligible for Medicare. The premiums for this coverage are set under North Dakota Century Code 54-52.1-02 as a percent of the active member single and family plan rates and are paid by the retiree. The premiums for this coverage are not age-rated. Currently, the premiums for this group do not cover the costs of the coverage; therefore, the costs of this group are being subsidized through the active group rates. This subsidy is not funded in advance and there is no guarantee that the subsidy for the 2015-17 biennium will continue in the future.

A retiree must be receiving a retirement allowance from PERS, ND TFFR or TIAA-CREF to be eligible for the retiree health care coverage. Effective July 1, 2015, eligibility for this coverage is limited to employees who retired prior to July 2015 and/or former Legislators.

Funded Status and Funding Progress

The funded status of the plans as of the most recent actuarial valuation date is as follows (in millions):

Schedule Of Funding Progress
(Dollars In Millions)

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Unfunded Actuarial Value Accrued Liability (UAAL)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Annual Covered Payroll
June 30, 2015	$ -	$ 8.9	$ 8.9	0.00%	$ -	0.0%

*See Retiree Health Insurance Credit Fund above for additional discussion on the Funded Status and Funding Progress

Significant actuarial assumptions employed by the actuary for funding purposes as of July 1, 2015, the date of the latest actuarial valuation include:

Mortality Rates: RP-2000 Combined Healthy Mortality Table, set back three years for males and females (set back one year for Highway Patrol). RP-2000 Disabled Retiree Mortality Table, set back one year for males (not set back for females) multiplied by 125%.

Withdrawal Rates: Rates of withdrawal from active service before retirement for reasons other than death, rates of disability and expected retirement ages developed on the basis of an investigation of actual plan experience.

Interest Rate: 8$ per annum

Inflation: 3.5% per annum

Expenses: Prior year expense, adjusted for inflation

JOB SERVICE NORTH DAKOTA

Job Service North Dakota engaged an actuary to determine the Agency's liability for post-employment benefits other than pensions as of June 30, 2016. The actuary determined the obligation the agency has to record as of June 30, 2016 is the difference between the Annual Required Contribution (ARC), defined as the normal cost plus an amortization for prior years unfunded liability, and the amount paid during the year.

Former employees receiving retirement benefits under the Retirement Plan for Employees of Job Service North Dakota are eligible to participate in the Retiree Health Benefits Fund, a cost-sharing multiple-employer plan, as administered by the Public Employees Retirement Board. The retired employee is provided a credit toward their monthly health insurance premium under the state health plan based upon their years of credited service. In accordance with NDCC 54-52.1-03.2, Job Service North Dakota reimburses the Retiree Health Benefits Fund monthly for credit received by members of the retirement plan established by Job Service North Dakota. This benefit is equal to $5.00 for each of the employee's, or decreased employee's years of credited service not to exceed the premium in effect for selected coverage.

Job Service North Dakota employees who had a Met Life Insurance policy in effect on December 1, 1999, when the Met Life Insurance benefit plan was discontinued for new employees, receive the following benefits: Job Service North Dakota pays 33% of the monthly Basic Met Life Insurance premium of current employees with a Met Life Insurance policy and upon retirement the employees Basic Met Life Insurance premiums are covered 100% by Job Service North Dakota. The Basic Life Insurance Benefits are equal to the employees annual salary up to a maximum of $45,000 and are decreased at a rate of 2% per month at age 65 until the benefit is 25% of the original amount.

Job Service has authority to change the funding and benefit policy of this plan. Membership of the Other Post Retirement Benefit plans consisted of the following at July 1, 2016, the date of the latest actuarial valuation:

	Retiree Health Benefits Fund	Met Life Insurance Benefit
Retirees and beneficiaries currently receiving benefits	200	180
Terminated employees entitled to benefits but not yet receiving them	1	-
Current vested employees	9	18
Total	210	198

The funding policy of the plans thru June 30, 2016 is pay-as-you go plan, contributing annually the amount necessary to pay benefits of retirees. Below is listed the actuarial methods and assumptions which were used in the actuary report and study conducted by Bryan, Pendleton, Swats & McAllister, LLC.

Valuation Date	June 30, 2016
Actuarial Cost Method	Entry Age Actuarial Cost Method
Amortization Method	15-Year Amortization Open
Remaining Amortization Period	15 years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%
Includes Inflation at	5%

Annual OPEB Cost and Net OPEB Obligation – The Agency's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period of thirty years. The following table shows the components of the Agency's annual OPEB cost for the year, the amount actually contributed to the plan, and changes in the Agency's net OPEB obligation:

	Retiree Health Benefits Fund	Insurance Benefit	Total
Annual required contributions	$ 384,274	$ 86,264	$ 470,538
Interest on OPEB obligation	28,220	19,768	47,988
Adjustment to annual required contributions	(57,122)	(40,013)	(97,135)
Annual OPEB costs	355,372	66,019	421,391
Contributions made	279,187	51,061	330,248
Increase in net OPEB obligation	76,185	14,958	91,143
Net OPEB obligations, beginning of year	627,116	439,288	1,066,404
Net OPEB obligations, end of year	$ 703,301	$ 454,246	$ 1,157,547

The following schedule presents the annual OPEB cost contributed, the net pension obligations, and the percentage contributed:

June 30	Annual Retiree Health Benefits OPEB Costs	Annual Met Life Insurance OPEB Costs	Annual Retiree Health Benefit Cost Contributed	Annual Met Life Insurance Cost Contributed	OPEB Obligation	Annual OPEB Cost Contributed
2014	$ 360,521	$ 110,585	$ 256,911	$ 51,980	$ 162,215	65.6%
2015	360,521	110,585	260,155	52,019	158,932	66.3%
2016	355,372	66,019	279,187	51,061	91,143	78.4%

Funded Status and Funding Progress – As of June 30, 2016, the most recent actuarial valuation date, the plans were unfunded. The actuarial liability for benefits was $5,154,497, and the actuarial value of assets was $0.00 resulting in an unfunded actuarial accrued liability (UAAL) of $5,154,497. The covered payroll (annual payroll of active employees covered by the plans) was $1,281,180 and the ratio of the UAAL to the covered payroll was 402.32 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment and mortality. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer as made about the future.

Actuarial Methods and Assumptions – Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing the benefit of costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce

the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

NOTE 8 - DEFERRED COMPENSATION PLAN

The State offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all State employees, permits them to defer a portion of their current salary until future years. Each participant may defer the lessor of $18,000 or 100% of gross annual compensation for calendar year 2016. Participation in the plan is optional. The deferred compensation is not available to the employees until termination, retirement, death or unforeseeable emergency.

All compensation deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are held in trust for the exclusive use of the employee or their beneficiary.

The related assets of the plan, held in trust, are reported at fair value as follows (expressed in thousands):

Plan Participation By:			
State of North Dakota	$	69,691	89%
Other Jurisdictions		8,182	11%
Total Value	$	77,873	100%

NOTE 9 - PERS UNIFORM GROUP INSURANCE PROGRAM

The PERS Uniform Group Insurance Program, an enterprise fund, contracts with Blue Cross Blue Shield of North Dakota (BCBS) to provide health care insurance to the employees of the State of North Dakota, or any of its political subdivision, institutions, departments or agencies. The contract for the 2013-2015 biennium provides for an accounting of premiums paid and claims incurred during the biennium. The final gain or loss is determined two years after the end of the biennium, which for the 2013-2016 biennium will occur 2017. The System has entered into a similar contract with Sanford Health Plan for the 2015-2017 biennium. The accumulated surplus and other invested funds in the amount of $47 million are shown as cash on the System's balance sheet. No other insurance contracts have a gain sharing provision. The System has $3.0 million at risk, and is reasonably assured claims will exceed premiums, and the full $3.0 million that is at risk was accrued in accounts payable and recorded as an underwriting loss in 2016.

NOTE 10 - SEGMENT INFORMATION

North Dakota Housing Finance Agency maintains two separate funds which account for general agency operations and provide loans to finance construction of rental residential housing and single-family ownership. The two funds are accounted for in a single fund, but investors in home ownership bonds rely solely on the revenue generated by the mortgage loans and assets acquired for repayment. Segment information for the year ended June 30, 2016, was as follows (expressed in thousands):

		Home-Ownership Bond Funds
Condensed Statement of Net Position		
Current assets – other	$	303,630
Noncurrent assets – other		741,971
Total Assets		1,045,601
Deferred outflow of resources		7,633
Current liabilities – other		123,217
Noncurrent liabilities – other		776,818
Total Liabilities		900,035
Net position – restricted		153,199
Total Net Position	$	153,199

Condensed Statement of Revenues, Expenses and Change in Fund Net Position		
Operating revenues	$	32,184
Operating expenses		(24,535)
Operating income		7,649
Change in net position		
Total net position, beginning of year		144,952
Equity transfer out		598
Total net position, end of year	$	153,199
Condensed Statement of Cash Flows		
Net cash from operating activities	$	(70,011)
Net cash used for noncapital financing activities		139,186
Net cash used for investing activities		4,384
Net change in cash and cash equivalents		73,559
Cash and cash equivalents, beginning of year		128,654
Cash and cash equivalents, end of year	$	202,213

NOTE 11 - MAJOR COMPONENT UNIT TRANSACTIONS

BISMARCK STATE COLLEGE AND BISMARCK STATE COLLEGE FOUNDATION

On January 25, 2007, BSC and BSC Foundation entered into a 15-year lease agreement to facilitate the construction of a Mechanical Maintenance building. Under the agreement, BSC is responsible for payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the $1.4 million debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for $100. On August 15, 2013, an addendum was made to the lease agreement to facilitate an addition to the facility. Under this addendum, the additional amount of rent through September 30, 2015 is tied to the debt service retirement of $228,000.

On October 19, 2007, BSC and BSC Foundation entered into a 25-year lease agreement to facilitate the construction of the National Energy Center of Excellence building. Under the agreement, BSC is responsible for payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility as set forth in the lease. The amount of the rent is tied to the $5.0 million debt service retirement. Upon payment of all the bonds, BSC will have the option to purchase the premises for $100.

The audited financial statements of BSC Foundation for fiscal year 2016 report this transaction as a receivable from BSC and a long-term liability. BSC's financial statements include the capitalized asset and a long-term liability due to BSC Foundation.

	BSC	BSC Foundation
NECE Building	$9,338,149	$10,846,116
Accumulated Depreciation	(1,508,285)	(2,085,702)
Net Value of NECE Building	$7,829,864	$8,760,414

On September 26, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSC Foundation) entered into a 30-year Ground Lease to facilitate the construction and development of a student apartment housing complex on approximately 4.67 acres of land owned by BSC. Under the agreement, BSC would enter into a separate operating and lease agreement with LLC for the constructed student housing apartment complex for use as a College student housing facility. There are no separate rent payments to be paid by LLC during the term of the Ground Lease agreement in exchange for use of the land.

On October 14, 2014, BSC and Student Housing, LLC (a wholly owned subsidiary of BSC Foundation) entered into a Memorandum of Understanding (MOU) which sets forth the essential terms of an Apartment Master Lease agreement to be entered into between LLC and BSC, under which LLC will lease to BSC space in the student housing complex to be constructed by LLC on BSC property according to the terms and conditions of the Ground Lease. The 5-year renewable Apartment Master Lease Agreement will address quarterly rent payments by BSC and responsibilities for maintenance, repairs and insurance of the facilities and improvements during the term of the lease.

On August 13, 2015, BSC and Student Housing, LLC entered into a 5-year lease agreement to operate student housing services in the two newly constructed housing units (Ritchie Hall and Gate City Bank Hall). Under the agreement, BSC is responsible for payment of all rent, maintenance, and daily repair/maintenance of the facility, and restrictions of use of the facility as set forth in the lease. Student Housing, LLC is responsible for major repairs/maintenance and property and liability insurance on the facilities. The lease is classified as an operating lease on BSC financial statements and Student Housing, LLC financial statements includes the capitalized asset.

DICKINSON STATE UNIVERSITY AND DICKINSON STATE UNIVERSITY FOUNDATION

Arbitration - The Dickinson State University Foundation (DSUF) has ownership interest and/or management responsibilities in various real estate projects by way of its membership in Dickinson Investments, LLC (Dickinson Investments) and other entities. DSUF is involved in a dispute with another member of Dickinson Investments, Granville Brinkman and other Brinkman entities (Respondent). An arbitration claim was filed on December 26, 2013. On September 30, 2014, the arbitrator awarded the Respondent a buy-out of their equity interest in the amount of $1.260 million. The Respondent was also awarded repayment of a note, prejudgment interest and attorneys' fees and costs. DSUF and Dickinson Investments are jointly and severally liable for the buyout amount.

On October 28, 2014, the arbitrator issued a final arbitration award and ordered:
a) prejudgment interest at 6% would commence December 26, 2013,
b) the amount of attorney fees and costs to be repaid was $233,420,
c) the note prepayment amount was $133,600
d) the parties shared responsibility for arbitration fees and expenses totaling $67,620.

The final award exceeds $1.7 million. Although DSUF has an equity interest of about 6 percent in Dickinson Investments, the arbitrator has ruled that it is jointly and severally liable for the entire award, except the $133,600 loan for which Dickinson Investments is responsible.

If DSUF is unable to meet this obligation as well as its ongoing operating expenses, creditors may seek to collect from and possibly foreclose on the assets of DSUF.

Receivership - At the request of the NDUS Chancellor, on November 21, 2014, the North Dakota Attorney General petitioned the state district court for the appointment of a receiver. On December 3, 2014, the court appointed Sean Smith, JD, CPA, to act as the receiver for DSUF. The court order included the following directives:

- The receiver shall take immediate possession, custody, and control of all assets owned or held by DSUF;
- The DSUF board of directors shall be temporarily suspended and have no authority to act on behalf of DSUF;
- The receiver shall gather, protect and oversee DSUF's corporate and charitable assets;
- The receiver shall report to the court; and
- The receiver shall have all the authority necessary to continue the day-to-day activities of the DSUF.

The receiver filed interim reports on a regular basis through September 2016. In the seventh interim report, dated August 31, 2015, the receiver recommended that DSUF be dissolved. This recommendation is based on an inability to negotiate a mutually acceptable settlement of the outstanding Brinkman judgment against DSUF. The report indicates that dissolution should foremost prioritize DSUF obligations to honor restrictions placed on DSUF assets by donors, then address claims made by creditors, employees, and other interested parties. However, DSUF accounting reports indicate that the foundation has total net restricted assets in an amount less than total permanently and temporarily restricted donations.

The Office of Attorney General has requested the commencement of dissolution for DSUF. The dissolution will require the distribution or liquidation of DSUF assets, a process that has started with the sale of DSUF's personal and real property. The receiver has recommended that protective orders should be entered to protect DSUF's corporate net assets to facilitate the dissolution process. At this time, it is anticipated the dissolution of the DSUF will be completed by the end of 2016.

DSUF's Restated Articles of Incorporation state that upon dissolution, remaining assets shall be distributed to the SBHE for the exclusive use and benefit of the Dickinson State University or its direct successors in interest. The receiver recommended that all remaining net assets of DSUF be directed to be turned over to a new 501(c)(3) tax-exempt Foundation in keeping with DSUF's Restated Articles of Incorporation.

Financial Audit: - In fiscal year 2013, the DSUF's independent auditors issued a qualified opinion on the DSUF financial statements because they were unable to form an opinion regarding the proper amount and classification of unrestricted and temporarily restricted net assts. In fiscal year 2014, the DSUF's independent auditors are unable to issue an audit opinion on the DSUF financial statements as a result of the aforementioned arbitration and the overall condition of the DSUF financial records. An audit was not performed for fiscal year 2015 or fiscal year 2016. Therefore, the financial information for DSUF has not been included in the component units university system foundation financial statements presented on the FASB basis. The unaudited total assets, liabilities and net assets of DSUF were $11.56 million, $12.02 million and $(0.46) million respectively as of December 31, 2015.

Additionally, it has been reported that DSUF may have used endowment funds as collateral to obtain financing and to meet monthly operating expenses of the foundation and one of its real estate projects.

The impact of the arbitration and the state of the financial records on DSUF's ability to provide funds going forward to Dickinson State University for scholarships and student-related programs is unknown.

NORTH DAKOTA STATE UNIVERSITY AND NDSU RESEARCH AND TECHNOLOGY PARK, INC.

On December 30, 1999, North Dakota State University, through the State of North Dakota and North Dakota State Board of Higher Education, entered into a ground lease, whereby the NDSU Research and Technology Park, Inc. (component unit) leases 40 acres of land for $1 per year for the next seventy-five years.

On November 1, 2000, NDSU Research and Technology Park, Inc. (RTP) entered into a $6.5 million lease agreement with the City of Fargo to finance the construction of laboratory and research facilities and all equipment and furnishings located on property owned by the city. The agreement assigned to NDSU all of RTP's obligations under the lease, including but not limited to the payment of all rent, maintenance, and repair of the facility, maintenance of all insurance required under the lease, and restrictions of use of the facility set forth in the lease. Upon payment of all the bonds, title to the facility will revert to RTP. On August 1, 2002, essentially the same legal and financial structure used to construct Research Building #1 was used to construct a second Research Building. The second lease agreement was for $20.5 million.

On January 25, 2007, the city of Fargo, on behalf of the NDSU Research & Technology Park, issued $4,735 million of Series 2007A (Research 1) and $18,1 million of Series 2007B (Research 2) Lease Revenue Refunding Bonds. These bonds are used to advance refund the callable maturities of both the Series 2000 (Research 1) and Series 2002 (Research 2) bonds and to pay the costs of issuance (including the insurance premium for the insurance policy and the reserve fund surety bond) relating to bonds for both Series 2007A and 0072B bonds. During the year ended June 30, 2011, the Series 2000 bonds were repaid in full with the funds held in escrow from the Series 2007A bond refinancing. During the fiscal year ended June 30, 2012, the Series 2002 bonds were repaid in full with the funds held in escrow from the Series 2007A bond refinancing.

The audited financial statements of RTP for fiscal year 2016 report these transactions as an operating lease and report the related capital assets and related debt as assets and debt of RTP.

On July 1, 2002, NDSU and the RTP entered into an agreement for cooperation and assistance between entities. The agreement is an annual agreement, which automatically extends for one-year periods unless cancelled by either party to the agreement.

During fiscal year 2013, NDSU and the RTP entered into renewed agreements, whereby NDSU leases Research Building #1 and #2 through June 30, 2022. During fiscal year 2016, total annual rent of $2,154,906 was paid by NDSU for these two buildings. NDSU directly pays the utility costs under these agreements. The annual rent will be re-adjusted by mutual agreement every two years. These agreements are subject to funding and legislative appropriations.

During fiscal 2016 NDSU made other payments to the RTP that were unrelated to the building leases for Research #1 & #2. These payments consist of the following: 1) $16,726 for a subaward on an EPSCOR grant; 2) $75,000 for sponsorship of an RTP event called "Innovation Challenge '16".

NORTH DAKOTA STATE UNIVERSITY AND NDSU DEVELOPMENT FOUNDATION

FARGODOME LEASE AND IMPROVEMENTS

In fiscal year 2006, the NDSU Development Foundation (NDSUDF financed the construction and equipping of office space, locker rooms, meetings rooms, and related facilities in the Fargodome for use by NDSU through the sale of revenue bonds issued by Cass County. The NDSUDF has leased the space in the Fargodome from the City of Fargo and subleased the space, furniture, fixtures and equipment to NDSU. Under the agreement, NDSU will pay rent to the NDSUDF for use of the premises. The amount of the rent is tied to the $3.5 million debt service retirement plus the Fargodome annual space rent and all costs incurred by the NDSUDF incident to the lease, less any contributions received by the NDSUDF for the project. Under this agreement in fiscal year 2016, the NDSUDF paid the debt service and other fees on behalf of NDSU in the amount of $336,312.

The facility is included in long-term investments and the debt is included in long-term liabilities on the financial reports of the NDSUDF. NDSU has also recorded a capital asset and a capital lease payable, reflected as “Due to Component Units” by NDSU, of $1.325 million as of June 30, 2016. Since the NDSUDF is a discretely presented component unit of the University System and the component unit and the University System are reporting the same assets and debt for the Fargodome improvements, a reclassification entry was made to ending balances in the component unit consolidating financial statements to show the appropriate due from primary institution.

RENAISSANCE HALL

The former Northern School Supply building was donated to the NDSUDF by NDSU alum in December of 2001. During fiscal year 2003 and 2004, the NDSUDF renovated the building with the intent to lease the facility to NDSU beginning fall 2004. The NDSUDF transferred nearly the entire ownership of the building to 650 NP Avenue, LLC and Kilbourne Design Group, LLC, for a five-year period in order to achieve tax credits that would ultimately reduce the cost of the building to NDSU. During the five-year tax credit period, NDSU leased the building from the two LLCs, with the lease payments composed of interest and fees. With the five-year tax credit period ending December 31, 2010 (as extended), and the ownership was transferred back to the NDSUDF, permanent financing was put in place on December 17, 2010, with the issuance of $5.65 million of 20-year University Facilities Lease Revenue Bonds, Series 2010 (Renaissance Hall Project). The financing structure involving the five-year temporary ownership transfer resulted in achieving tax credits of $4.9 million which directly lowered the leasing cost to NDSU.

Under this refinanced debt issuance and lease agreement, as approved by the SBHE on December 16, 2010, the property is leased to NDSU for rent equal to the semi-annual principal and interest on the bonds, plus all costs incurred by the NDSUDF incident to ownership of the property. Ownership of the property will transfer to NDSU when the bonds are repaid in full. NDSU paid the NDSUDF $418,528 in fiscal year 2016 for debt service under this agreement. As of June 30, 2016 the outstanding balance on the bonds, reflected as “Due to Component Units” by NDSU, is $4.565 million.

BARRY HALL BUSINESS BUILDING AND KLAI HALL ARCHITECTURE BUILDING

Effective November 28, 2007, NDSU and the NDSU Development Foundation entered into a lease agreements for two buildings in downtown Fargo, formerly known as the “Pioneer Mutual Building” and “Lincoln Mutual Building”. The Foundation financed the construction of the Barry Hall business building and Klai Hall architecture building projects through the sale of $18.52 million of 20-year University Facilities Revenue Bonds issue by the City of Fargo, North Dakota. The City has loaned the bond proceeds to the Foundation for payments equal to the sum of the semi-annual interest payments and installments of varying principal amounts on the variable rate bonds and the semi-annual principal and interest payment on the fixed-rate bonds. The principal payments on the variable rate bonds will be funded from payments on donor pledges restricted for the project. Under the terms of the loan, the Foundation is responsible for the real estate taxes, insurance, repairs and maintenance, and other costs incident to ownership of the property. The property is included with property in the financial statements and the bonds have been recorded as a direct obligation of the Foundation. Ownership of the property will transfer to NDSU when the bonds are repaid in full. The bonds are guaranteed by the Foundation. This property is leased to NDSU for rental equal to the sum of the semi-annual interest only payments on the variable term bonds plus the semi-annual principal and interest payments on the fixed-rate bonds for the term of the bonds, plus all the costs incurred by the Foundation incident to ownership of the property.

In May 2012, the NDSUDF refinanced the original bonds issued in November 2007. As a result, new leases were executed. Under the terms of the new leases, NDSU pays and recognizes a liability for entire amount of the previously issued bonds, including the portion originally planned to be paid from the collections of pledges. During fiscal year 2016, NDSU paid $774,893 to the bond trustee on-behalf of the NDSUDF under the new leases for debt service on Barry Hall & Klai Hall. During fiscal year 2016, the NDSUDF paid $332,150 to NDSU from the collection of pledges. NDSU has an option to acquire the property upon full payment of the bonds. As of June 30, 2016 the outstanding balance on the bonds, reflected as “Due to Component Units” by NDSU, is $10.065 million and the portion payable by the NDSUDF to NDSU for the collection of pledges is recognized by NDSU as a current & non-current “Due from Component Units” for $299,085.

OTHER TRANSACTIONS

NDSU also has agreements in place with the NDSUDF for maintenance of the University's alumni records, for use and insurance on certain land and building. Amounts paid by NDSU under these agreements as of June 30, 2016 totaled $645,575.

NDSU pays the NDSUDF rent under operating lease agreements for two buildings (Criminal Justice and Graduate Center), as well as pasture rent paid from NDSU's Agricultural Experiment Station. Those operating lease payments totaled $138,938 during fiscal year 2016.

In addition to the debt service payments on the Fargodome, Renaissance, Barry and Klai Halls, NDSU reimburses the NDSUDF for other operating expenses related to those buildings, such as property insurance, flood insurance, boiler inspection fees, real estate taxes and bond administrative fees. Those costs totaled $89,112 during fiscal year 2016.

NDSUDF fiscal year end is December 31, NDSU year end is June 30. Timing differences in amounts may occur between entity financial statements, due to different year end dates.

UNIVERSITY OF NORTH DAKOTA AND UND AEROSPACE FOUNDATION

The UND Aerospace Foundation (Aerospace) recorded expenses reimbursed to UND for salaries, building rent, aircraft rental, and goods and services under an operating agreement aggregating $14.9 million in fiscal year 2016. This operating agreement has no specific term and is intended to memorialize various operating agreements, rate structures, duties, and obligations each party has to the other. Expenses reimbursed to UND represent actual costs incurred and are included in training expenses in the consolidated statements of activities.

The Foundation recorded revenue for service and hangar, CRJ, 360-degree tower, and aircraft rental to UND of $4,234,373 in fiscal year 2016, which is included in training and support services revenue in the consolidated statements of activities.

As of June 30, 2016, the Foundation had recorded accounts payable to UND of $1,752,341 for reimbursable costs and services. As of June 30, 2016, the Foundation had recorded accounts receivable from UND of $566,400, which are included in accounts receivable in the consolidated statements of financial position.

Foundation employees also have the ability, as do UND employees, to rent UND planes for personal use. Foundation and UND employees are charged directly by UND. These costs do not flow through the Foundation, but are paid to UND directly by the employee.

The Foundation entered into a sublease with UND to lease the aircraft storage hangar/ground support equipment facility. The lease term is for 20 years, commencing on July 7, 2003, until July 6, 2023. For the first 15 years of the sublease, UND will pay the Foundation's monthly minimum payment of $12,672, beginning on October 1, 2003, subject to actual cost adjustments. At the end of the 15 years of the sublease, rent will be adjusted based upon the interest rate adjustments of the debt incurred by the Foundation in the construction of the hangar.

UNIVERSITY OF NORTH DAKOTA AND RE ARENA, INC.

RE Arena Inc. and the University of North Dakota, enter into an annual operating agreement from July 1 to June 30. The operating agreement sets forth the facility usage, fees and services, ticket administration and revenue allocation, sponsorship sales administration and revenue allocation, and net income disposition. In accordance with this agreement: (i) RE Arena Inc. collects all ticket revenue from ticketed UND athletic events (men's and women's hockey, football, men's and women's basketball, and volleyball), RE Arena, Inc. retains 52 percent of such ticket revenue and remits 48 percent to the UND, and (ii) RE Arena Inc. collects all sponsorship sales revenue from the UND athletic events at the arena, RE Arena, Inc. retains 64 percent of such sponsorship revenue, net of direct costs, and remits 36 percent to the UND net of direct costs. In addition, UND and RE Arena, Inc. jointly utilize the UND and RE Arena Inc. marketing staff to market and promote the UND athletic events.

RE Arena, Inc. may contract with UND for materials and personnel in service, utility and other areas and will reimburse UND based on separate agreements. Revenue and expense arrangements for all other UND events held at the arena will be negotiated on an event-by-event basis.

Gross tickets sales were $4.396 million of which RE Arena, Inc. recognized revenue of $2.286 million with a net due to UND $2.110 million. Gross ticket sales for the next athletic season year are recorded in deferred revenue at gross by RE Arena, Inc. for a total of $2.412 million.

RE Arena, Inc. recognized net sponsorship (advertising) revenue of $779,086 and the net due UND in sponsorship (advertising) income of $438,236.

RE Arena, Inc. recognizes box office revenue on a cost reimbursement basis, for ticket facility fees, credit card fees and payment plan fees and expenses. The total cost that the UND Athletic Department reimbursed RE Arena, Inc. for managing and administering the box office on their behalf was $186,492.

In addition, RE Arena, Inc. allocated $500,000 of net income to the UND Athletic Department for the year ended May 31, 2016.

RE Arena, Inc. expensed $1.031 million to UND for utilities, maintenance staff, phone service and other expenses.

At the end of the fiscal year RE Arena, Inc. owes UND $2,128,065 for the annual operating agreement and monthly services.

Amounts are reported on the accrual basis of accounting, which may or may not be the same as that used by UND. RE Arena Inc.'s fiscal year end is May 31st, UND's fiscal year end is June 30th, if numbers differ between entity financial statement; it may be because of timing differences due to different year ends.

UNIVERSITY OF NORTH DAKOTA AND UNIVERSITY OF NORTH DAKOTA FOUNDATION

The University of North Dakota is providing payment for leasehold improvements done to the lower level of the Gorecki Alumni Center for establishing space for UND Admissions. The payments are $169,472 for a period of five years. UND is also leasing space in the Gorecki Alumni Center in the amount of $75,000. Additional rental payments consisting of UND's share of the operating and maintenance costs for space used in the Gorecki Alumni Center are calculated annually.

During the year ended June 30, 2016, UND provided approximately $1.121 million of institutional support for event and database support, annual giving campaign and shared positions. The UND Alumni Association and Foundation (the Organization) manages UND's endowment investments and charged them $404,446 in investment management fees during the year ended June 30, 2016. These fees and support are reported as operations, fees and miscellaneous revenue on the statement of activities.

The Organization has other receivables with UND related to the construction of the EERC and Minot Center for Family Practice.

On July 24, 2002, the Foundation issued $8,595,000 of tax exempt bonds to finance the construction of an office building and the renovation of an existing building for the Energy and Environmental Research Center (EERC) of UND. The Organization recorded a receivable from UND of $8.6 million due under the direct-financing lease arrangement. The EERC bonds were refinanced as taxable bonds on October 18, 2012. The balance as of June 30, 2016 was $4.960 million. The terms for the repayment are the same as the payment terms of the related bonds. Total payment of principal and interest subsequent to June 30, 2016 are: 2017 - $560,209; 2018 -$562,028; 2019 - $562,153; 2020 - $560,509; 2021 - $562,436, thereafter - $3,365,368. During fiscal year ended June 30, 2016, the Organization recorded payment of principal and interest of $375,000 and $181,959, respectively. The interest is included in operations, fees and miscellaneous income on the statement of activities.

On October 24, 2003, the Foundation issued $4.4 million of tax-exempt lease revenue bonds to finance the purchase of land and the construction of a facility for the Minot Center for Family Practice in Minot, North Dakota. The Organization recorded a receivable from UND of $4.4 million due under the direct-financing lease agreement. The balance as of June 30, 2016 is $2.475 million. The terms for the repayment are the same as the payment terms of the related bonds. Total payment of principal and interest subsequent to June 30, 2016 are: 2017 - $272,000; 2018 - $2,400,413. During fiscal year ended June 30, 2016, the Organization received payment of principal and interest of $162,423 and $109,577, respectively. The interest income is included in operations, fees and miscellaneous income on the statement of activities.

The Organization is leasing 45,000 square feet of land for the Gorecki Alumni Center from the University of North Dakota. Starting in 2016 the rate is $0.10 per square foot per year. The cost in 2016 was $4,500.

NORTH DAKOTA STATE COLLEGE OF SCIENCE AND NORTH DAKOTA STATE COLLEGE OF SCIENCE FOUNDATION

For the year ended June 30, 2016, NDSCS paid the Foundation $174,000 for the rental of the Skills & Technology Training Center building and $10,953 for parking lots.

In exchange for services provided by NDSCSF to NDSCS, NDSCSF receives office space and accounting services at no charge from NDSCS. The approximate fair market value for rent is $5,668 and for accounting services is $7,454.

WILLISTON STATE COLLEGE AND WILLISTON STATE COLLEGE FOUNDATION

Effective September 1, 2011, the Williston State College Foundation (WSCF) loaned WSC $500,000 for the purchase of a geothermal system for the residence hall. Semiannual principal and interest payments of $30,000 are due January 1 and July 1, with a final payment of $20,036 due July 1, 2022. The loan bears an interest rate of 5%. As of June 30, 2016 and 2015, the loan balance of $317,094 and $363,014 of which $50,852 and $46,052, respectively is a current asset. Effective July 1, 2015, the interest rate on the loan changed to 3%.

On November 1, 2013, WSCF entered into a lease agreement with WSC. WSCF is leasing a bus, it had purchased, to WSC. The value of the bus was $375,000. Quarterly lease payments of $15,000 are being made by WSC for a seven-year lease term. The lease expires on October 31, 2020. Total payments on the lease as of June 2016 and 2015 were $60,000.

Individuals working on behalf of the WSCF and the North Dakota Department of Motor Vehicles (DMV) are employees of and paid by WSC. WSCF reimburses WSC for the time WSC employees spend on Foundation and DMV matters. Funds are reimbursed to WSC and are recorded as expenses by the Foundation. The amount reimbursed for the years ending June 30, 2016 and 2015 were $760,527 and $709,720 respectively. As of June 30, 2016 and 2015, the outstanding amount owed to WSC was $0 and $33,223 respectfully.

NOTE 12 - FINANCIAL INSTRUMENTS WITH OFF-BALANCE-SHEET RISK

BANK OF NORTH DAKOTA

The State, through the Bank of North Dakota, is a party to financial instruments with off-balance-sheet risk in the normal course of business. These financial instruments include commitments to extend credit and financial standby letters of credit. Those instruments involve varying degrees of credit and interest rate risk in excess of the amount recognized in the balance sheet. The contract amounts of those instruments reflect the extent of involvement the State has in particular classes of off-balance-sheet financial instruments.

The State's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit and financial standby letters of credit is represented by the contractual amount of those instruments. The State uses the same credit policies in making commitments and conditional obligations as it does for on-balance-sheet instruments.

	Contract Amount (in thousands)	
Commitments to extend credit	$	1,158,518
Financial standby letters of credit		379,528
	$	1,538,046

Commitments to extend credit are agreements to lend as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since many of the commitments may expire without being drawn upon, the total commitment amounts do not necessarily represent future cash requirements. The amount of collateral obtained by the State upon extension of credit is based on management’s credit evaluation of the customer. Collateral held may include accounts receivable, inventory, property, plant and equipment, and income-producing commercial properties.

Financial standby letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party. Those letters of credit are primarily issued to support public borrowing arrangements. The credit risk involved in issuing letters of credit is essentially the same as that involved in extending loan facilities to customers. The Bank has segmented this category into three components: (1) letters of credit, (2) confirming letters of credit, and (3) letters of credit pledged for public deposits to North Dakota financial institutions.

Letters of credit are conditional commitments issued by the Bank to guarantee the performance of a customer to a third party which require this type of facility. The maturities for these letters range from three months to ten years, and the likelihood of funding any of these letters of credit is considered to be remote. The Bank holds collateral supporting those commitments. The Bank also has letters of credit with the North Dakota Public Finance Authority with maturities ranging from four to thirty years. If the letters issued to Public Finance Authority were ever drawn upon, Public Finance Authority is legally obligated to reimburse the Bank from funds legally available, or from any appropriation made available to the Legislative Assembly after certification by the Industrial Commission. The likelihood of funding any of these letters of credit is also considered to be remote. Outstanding issued letters of credit as of December 31, 2015 were $84,806,000.

Confirming letters of credit are issued to North Dakota financial institutions to support letters of credit they have issued but are still in need of backing from an institution with a long-term, high quality bond rating. In the event these letters were to be drawn upon, based on the terms of the agreement, the Bank would immediately withdraw funds from the institution's correspondent bank account held at the Bank to cover the amount drawn. These agreements generally have terms of 12 months or less. The likelihood of funding any of these confirming letters of credit is also considered to be remote. Outstanding issued confirming letters of credit as of December 31, 2015 were $6,532,000.

Letters of credit pledged for public deposit to North Dakota financial institutions are issued to support public borrowing arrangements. These letters are fully collateralized by a pool of loans pledged to the Bank. These agreement generally have terms of 12 months or less. Financial standby letters for public deposits by North Dakota banks totaled $288,190,000 at December 31, 2015. The likelihood of funding any of these letters of credit is also considered to be remote. These letters of credit are authorized form of collateral for public deposits per North Dakota Century Code 21-04-09.

COMMUNITY WATER FACILITY LOAN FUND

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of $4,707,000 at December 31, 2015.

MEDICAL FACILITY INFRASTRUCTURE LOAN PROGRAM

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of $31,746,000 at June 30, 2016.

INFRASTRUCTURE REVOLVNG LOAN PROGRAM

In the normal course of business, the Loan Fund makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of $23,487,000 at June 30, 2016.

NORTH DAKOTA HOUSING FINANCE AGENCY

In the normal course of business, the Agency makes various commitments that are not reflected in the financial statements. These include commitments to extend credit and the debt reduction required when related loan acquisition funds are not drawn down within prescribed time frames set by the specific bond resolution.

Commitments to extend credit are agreements to fund loans as long as there is no violation of any condition established in the contracts. Commitments require the payment of a reservation fee and generally have a fixed expiration date. Commitments to extend credit total $75,311,000 at June 30, 2016.

The bond resolutions require that the funds in the loan acquisition accounts be expended within 42 months of the related bond delivery date. Any remaining funds must be used for debt reduction. The loan acquisition funds totaled $54,324,000 at June 30, 2016.

PUBLIC FINANCE AUTHORITY

In the normal course of business, the Finance Authority (a component unit) makes various commitments that are not reflected in the financial statements. These commitments include commitments to extend credit of $182,301,000 at December 31, 2015.

NOTE 13 - INTEREST RATE SWAP

BANK OF NORTH DAKOTA

The Bank has an outstanding interest rate swap agreement with a notional amount totaling $100 million to convert variable rate federal funds into fixed-rate instruments over the term of the contract.

On June 5, 2014 ("June Swap"), the bank entered into a swap agreement which matures on June 1, 2029, and the swap's notional amount is $50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 2.861% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

On April 14, 2015 ("April Swap"), the bank entered into a swap agreement which matures on May 1, 2030, and the swap's notional amount is $50,000,000. Under the terms of the swap, the Bank pays the counterparty a fixed payment of 1.920% and receives a variable payment based on the USD-FEDERAL FUNDS-H.15 interest rate.

At December 31, 2015, the June Swap has a negative fair value of $5,064,000 because interest rates have declined since the swap was executed. Also at December 31, 2015, the April Swap has a positive fair value of $863,000 because interest rates have increased since the swap was executed. Fair values for interest rate swap agreements are based upon the settlement value adjusted by estimated nonperformance risk.

At December 31, 2015, the Bank was not exposed to material credit risk because each counterparty is required to fully collateralize the fair value of the swaps within $250,000 of daily mark-to-market valuations by depositing funds with the other counterparty. As of December 31, 2015, the Bank pledged $4,750,000 in cash under collateral arraignments related to the June Swap contract as other liabilities to satisfy the collateral requirement associated with this interest rate swap contract. The Bank holds $1,210,000 in cash pledged under collateral arrangements related to the interest rate swap classified as other assets at December 31, 2015, to satisfy the collateral requirements associated with the April Swap contract.

The Bank is exposed to interest rate risk on its swap agreement. On its pay-fixed, receive variable interest rate swap, the Bank's net payment increases as the USD-FEDERAL FUNDS-H.15 interest rate decreases.

Either the Bank or its counterparties may terminate the interest rate swap if the other party fails to perform under the terms of the contract. Termination could result in the Bank being required to make a payment of the fair value of the swap to counterparty.

The following table summarizes the derivative financial instrument utilized at December 31, 2015:

		Fair Value		Changes in Fair Value	
	Notional Amount	Classification	Amount	Classification	Amount
Pay-fixed June interest rate swap	$ 50,000,000	Oher liabilities	$ (5,064,000)	Deferred	$ (621,000)
Pay-fixed April interest rate swap	50,000,000	Other assets	863,000	Deferred inflow	863,000

Using rates as of December 31, 2015, the interest expense of the variable rate federal funds and the net swap payments are as follows. As rates vary, the federal fund interest expense and the net swap payments will vary.

Year Ended December 31:	Federal Fund	Interest Rate	Total
2016	$ 376,000	$ 2,296,000	$ 2,672,000
2017	376,000	2,296,000	2,672,000
2018	376,000	2,296,000	2,672,000
2019	376,000	2,296,000	2,672,000
2020	376,000	2,296,000	2,672,000
2021-2025	1,880,000	11,480,000	13,360,000
2026-2029	1,457,000	8,665,000	10,122,000
	$ 5,217,000	$ 31,625,000	$ 36,842,000

NORTH DAKOTA HOUSING FINANCE AGENCY

As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance, the Agency entered into several cash flow hedges or swaps in connection with various variable-rate housing bond series. The Agency cash flow hedges are pay-fixed. The intention of these swaps was to effectively change the Agency's interest rate on the bonds to a fixed rate. The Agency also has cash flow hedges that were entered into in connection with variable-rate housing bond series that no longer have bonds outstanding as those bonds have been called. The cash flow hedges that are not connected to a specific bond series hedge the risk related to the Agency's other variable-rate housing bonds that are unhedged.

The bonds and the related swap agreements have a stated issuance and maturity date. Some of the swaps have optional termination dates. Under the swaps, the authority pays the counterparty a fixed payment and receives a variable payment computed as a percent of the London Interbank Offered Rate (LIBOR) plus a fixed percentage on the swap notional amount. On the other hand, the bond's variable-rate coupons are determined by the remarketing agent. If for any reason the remarketing agent fails to act, the rate shall be the lesser of (i) the TBMA Index plus 0.25% or (ii) the Maximum Rate as defined within the applicable series resolution.

As of June 30, 2016, the Agency had one swap that had a positive fair value totaling $2.7 million. Of the swaps with negative fair value, the Agency is not exposed to credit risk. However, the swap exposes the Agency to basis risk should the relationship between LIBOR and TBMA converge, changing the synthetic rate on bonds. The swap counterparty has guaranteed all payments and is rated AAa/AA+/AAA by Moody's Investor Services, Standard & Poor's, and Fitch, respectively. To mitigate potential credit risk, the counterparty has entered into Credit Support Agreements with Bank of New York Mellon and the Royal Bank of Canada as a credit enhancement.

The Agency has entered into netting arrangements whenever it has entered into more than one derivative instrument transaction with a counterparty. Under the terms of these arrangements netting provisions permit each party to net the transactions' fair values so that a single sum will be owed by, or owed to, the other party. At June 30, 2016, the Agency owed the swap providers a fixed rate on the notional amount of the swaps of $3,373,000 and the swap providers owed the Agency a variable rate on the notional amounts of $517,000 making the net payment that the Agency owed the swap providers $2,856,000.

Due to the difference in the variable rate indices, the swaps had a net negative fair value of $7,763,000 as of June 30, 2016. Accordingly, the financial derivative instrument is reported as a liability and the accumulated changes in fair value of the swaps are reported as a deferred outflow at June 30, 2016. The coupon on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. All valuations are as of the valuation date indicated. Mid-Market or indicative unwind valuations may be derived from broker quotations or from proprietary models that take into consideration estimates about relevant present and future market conditions as well as the size and liquidity of the position and any related actual or potential hedging transactions. Valuations based on other models or different assumptions may yield different results.

The swap exposes the Agency to basis risk should the relationship between LIBOR and the actual variable rates converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2016. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized.

The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination event." That is, the swap may be terminated if counterparty's credit quality rating falls below "A3" as issued by Moody's Investors Service or "A-" as issued by Fitch Ratings or Standard & Poor's. The swap may be terminated at any time by the Agency or the counterparty with 30 days written notice up to limits specified in the swap agreement. If the swap or swaps were terminated, the variable-rate bonds would no longer carry a synthetic interest rate. Also, if at the time of terminations the swap has a negative fair value, the Agency would be liable to the counterparty for payment equal to the swap's fair value, but in the event the fair value is positive, the counterparty would be liable to the Agency.

The Agency is exposed to rollover risk on hedging derivative instruments that are hedges of debt that mature or may be terminated prior to maturity of the hedged debt. When these hedging derivative instruments terminate, or in the case of a termination option, if the counterparty exercises its option, the Agency will be re-exposed to the risks being hedged by the hedging derivative instrument. The Agency also is exposed to rollover risk on the swaps that mature and the Agency does not call the related variable rate debt.

1.	Bond Series	2005 C	2006 A	2008 A	2008 B
2.	Issuance Date	9/21/2005	5/4/2006	2/26/2008	2/26/2008
3.	Maturity Date	1/1/2036	7/1/2016	1/1/2017	7/1/2038
4.	Notional Amount	$11,305,000	$30,210,000	$13,700,000	$8,285,000
5.	Variable-rate Bonds	$12,000,000	$27,625,000	$13,155,000	$12,735,000
6.	Fixed Rate	3.889%	3.955%	3.198%	4.725%
7.	LIBOR Percentage	63.00%	63.00%	63.00%	100.00%
8.	Additional Percentage	0.31%	0.31%	0.32%	0.00%
9.	Bonds Variable-rate	0.48000%	0.44000%	0.43000%	0.42000%
10.	Fair Value	$(187,000)	$(508,000)	$(354,000)	$(969,000)
11.	Percentage of LIBOR	0.60298%	0.60298%	0.61298%	0.46505%
12.	Synthetic Rate	3.76602%	3.79202%	3.01502%	4.67995%
13.	Actual Synthetic Rate	3.70351%	3.75585%	2.94652%	4.99648%
14.	Change in Fair Value	$241,000	$1,045,000	$348,000	$84,000
15.	Optional Termination Date	7/1/2016	N/A	N/A	1/1/2020

1.	Bond Series	2008 D	2009 B	2014 B	2015 C
2.	Issuance Date	8/5/2008	7/30/2009	6/24/2014	10/1/2015
3.	Maturity Date	7/1/2039	1/1/2025	7/1/2044	1/1/2046
4.	Notional Amount	$21,850,000	$34,070,000	$27,055,000	$17,700,000
5.	Variable-rate Bonds	$21,850,000	$47,745,000	$27,055,000	$17,700,000
6.	Fixed Rate	3.919%	3.108%	2.890%	2.486%
7.	LIBOR Percentage	63.70%	64.70%	65.80%	66.20%
8.	Additional Percentage	0.20%	0.23%	0.17%	0.10%
9.	Bonds Variable-rate	0.42000%	0.43000%	0.43000%	1.14000%
10.	Fair Value	$(1,368,000)	$2,688,000	$(2,671,000)	$(1,290,000)
11.	Percentage of LIBOR	0.49624%	0.53089%	47.60000%	0.40786%
12.	Synthetic Rate	3.84276%	3.00711%	2.84400%	3.21814%
13.	Actual Synthetic Rate	3.72664%	2.83751%	2.66104%	3.82242%
14.	Change in Fair Value	$647,000	$(1,430,000)	$(904,000)	$(1,081,000)
15.	Optional Termination Date	1/1/2018	7/1/2016	N/A	7/1/2020

1.	Bond Series	2015 E	2015 F
2.	Issuance Date	5/1/2016	10/1/2016
3.	Maturity Date	7/1/1936	1/1/2046
4.	Notional Amount	$25,000,000	$17,700,000
5.	Variable-rate Bonds	$25,000,000	$17,700,000
6.	Fixed Rate	2.257%	2.486%
7.	LIBOR Percentage	66.40%	66.20%
8.	Additional Percentage	0.22%	0.10%
9.	Bonds Variable-rate	N/A	0.07730%
10.	Fair Value	$(1,306,000)	$(209,000)
11.	Percentage of LIBOR	0.22000%	0.10000%
12.	Synthetic Rate	2.03700%	2.46330%
13.	Actual Synthetic Rate	N/A	N/A
14.	Change in Fair Value	$(1,306,000)	$(209,000)
15.	Optional Termination Date	7/1/2020	7/1/2020

Using rates as of June 30, 2016, debt service requirements of the variable-rate debt and new swap payments are as follows. Interest calculations were based on rates as of June 30, 2016. As rates vary, variable-rate bond interest payments and net swap payments will vary. (Expressed in thousands.)

Fiscal Year Ending June 30	Variable-Rate Bond		Interest Rate Swap, Net	Total
	Principal	Interest		
2017	$ 97,795	$ 587	$ 3,204	$ 101,586
2018	2,030	551	2,975	5,556
2019	2,545	541	2,914	6,000
2020	2,545	530	2,852	5,927
2021	2,335	520	2,796	5,651
2022-2026	8,950	2,478	13,289	24,717
2027-2031	18,285	2,331	11,756	32,372
2032-2036	29,310	2,160	9,453	40,923
2037-2041	42,015	1,189	4,178	47,382
2042-2046	18,665	259	747	19,671
2047-2051	40	-	-	40
	$ 224,515	$ 11,146	$ 54,164	$ 289,825

NOTE 14 – SIGNIFICANT CONCENTRATIONS OF CREDIT RISK

Most of the State's business is with customers within the state. Concentrations of credit are present in the construction and operation of community water facilities, loans to medical facilities for health care construction, loans to students for post-secondary education, loans to owners of homes damaged in the 2011 floods in Barnes, Benson, Burleigh, McHenry, Morton, Ramsey, Renville, Richland and Ward counties, loans to political subdivisions in the state for infrastructure, single-family and multifamily mortgage loans, and the agricultural industry. Due to the pervasive nature of agriculture in the economy of the state, all loans, regardless of type, are impacted by agriculture.

NOTE 15 – RISK MANAGEMENT

Several funds accumulate assets to cover risks that the State may incur. Specifically, the State assumes a portion or substantially all risks associated with the following:

THE STATE FIRE AND TORNADO FUND

The State Fire and Tornado Fund, an Enterprise Fund, is financed by premiums charged to the participating funds of the State. All monies collected must be paid into the fund for use only for the purpose outlined in NDCC 26.1-22.02.

All losses occasioned by the hazards provided for in the North Dakota Century Code must be paid out of the fund, with the fund being reimbursed by a third-party insurance carrier for all losses in excess of $1,000,000 per occurrence. The limit of liability of such reinsurance contract is no less than $1,000,000 during each twelve month period.

STATE BONDING FUND

The State Bonding Fund, an Enterprise Fund, is financed by premiums charged to each State agency for the bonding of public employees and public officials.

FLEET SERVICES

Fleet Services, an Internal Service Fund, represents the State's fleet of automobiles and is administered by the Department of Transportation. The State is self-insured for substantially all automobile insurance (e.g., comprehensive, collision), with the exception of liability, which is provided by the State's Risk Management Fund (RMF). State agencies are charged premiums to cover Fleet Service's RMF assessment and to pay for those losses that are not covered by RMF. These premium charges are factored into the fees agencies are charged when renting the cars.

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a State insurance fund and a "no fault" insurance system, covering the State's employers and employees. WSI is financed by premiums assessed to employers. The rate of such premiums is periodically adjusted to assure the solvency of WSI. The premiums are available primarily for the payment of claims to employees injured in the course of employment. During fiscal year 2016, a total of $197,467,710 in claims was recognized. The liability of $1,111,738,115 is the present value of the unpaid claim liability discounted at 5% as determined by the actuarial.

RISK MANAGEMENT FUND

Due to the loss of sovereign immunity, the 1995 Legislature established the Risk Management Fund (RMF) to pay money damages for tort claims for which the State is liable. The statutory liability of the State is limited to a total of $250,000 per person and $1,000,000 per occurrence. The State purchases commercial insurance for claims in excess of coverage provided by the Fund and continues to transfer liabilities for medical malpractice and aviation to private insurance carriers. Settlements have not exceeded insurance coverage in any of the past three fiscal years.

Revenues to the RMF are generated from contributions required from state agencies, boards and commissions, and the University System. The need for and amount of funding is determined using a projected cost allocation approach. The premise of this plan is that the agencies with greater expected loss costs should contribute more to the funding of the RMF than those agencies with lessor costs. The underlying logic is that contributions should roughly equal loss costs plus the expenses of administering the program over the long term.

The RMF liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Unpaid claim liabilities are based on an actuarial study of the outstanding loss reserve need for the fund and a forecast of ultimate loss and loss expense. These liabilities were determined on an undiscounted expected level of ultimate loss. Because actual

claims liabilities are affected by complex factors including inflation, changes in legal doctrines, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take in consideration settled claims, the frequency of claims, and other economic and social factors.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2015, and June 30, 2016:

Fiscal Year	Beginning Balance	Current Year Claims and Changes In Estimates	Claims Payments	Ending Balance
2015	$ 1,714,295	$ 423,097	$ 356,611	$ 1,780,781
2016	1,780,781	3,515,885	578,150	4,718,516

The Risk Management Workers Compensation Program (WCP) was established to consolidate all state entities under one workers compensation account, allowing for transitional duty between entities. The statutory liability of the fund is limited to $100,000 per claim with Workforce Safety & Insurance, providing excess insurance for claims that exceed the $100,000 cap. WCP pays separately for this coverage. Since the inception of WCP on July 1, 2001, thirty-two claims exceeded coverage by $9,404,955.

Revenues to WCP are generated from contributions required from state agencies, boards, commissions, and the University System. The amount contributed from each agency is actuarially determined by Workforce Safety & Insurance and based upon the number of employees, the type of work done, and claims history of each entity. Each entity also pays a deductible of $250 per claim.

The WCP liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities are affected by complex factors including inflation, changes in legal doctrine, and unanticipated damage awards, the process used in computing claims liabilities does not necessarily result in exact amounts. Claims liabilities will be re-evaluated periodically to take into consideration settled claims, the frequency of claims, and other economic and social factors. An actual study was performed for Workforce Safety & Insurance. The liability estimates are based on that study.

The following table presents the changes in claims liabilities balance for the fiscal years ending June 30, 2015, and June 30, 2016:

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claims Payments	Ending Balance
2015	$ 6,285,749	$ 3,675,792	$ 4,045,442	$ 5,916,099
2016	5,916,099	4,094,862	4,143,768	5,867,193

NOTE 16 – PUBLIC ENTITY RISK POOLS

A. GENERAL

FIRE AND TORNADO AND BONDING FUND

The Fire and Tornado Fund provides property insurance to state agencies, political subdivisions, the International Peace Garden and the Winter Show. The Fire and Tornado Fund has issued 1,155 policies to participating entities for a total building and content coverage of $13.11 billion. The Bonding Fund is used to provide fidelity bonding of public employees and officials. The Fund has issued 2,396 policies to participating entities. The total coverage for the Bonding Fund is $703.23 million. If the assets of these funds were exhausted, fund participants would not be responsible for the funds' liabilities.

The Fire and Tornado and Bonding Fund are accounted for on the accrual basis. The Fire and Tornado Fund establishes claim liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims incurred but not reported. The Bonding Fund establishes claim liabilities based on actual judgments obtained against the fund but not paid prior to fiscal year end. Liabilities for incurred but not reported losses have not been established based on prior year activity. Neither fund incurred any acquisition costs, which should have been capitalized, nor were any

liabilities recognized that were discounted. Investment income was not considered in determining the existence of premium deficiencies.

The Fire and Tornado Fund uses reinsurance agreements to reduce its on covered losses in excess of $1.0 million. Reinsurance permits recovery of a portion of losses from reinsurers, although it does not discharge the primary liability of the Fund as direct insurer of the risks that are reinsured. The Fire and Tornado Fund does not report reinsured risks as liabilities unless it is probable that those risks will not be covered by reinsurers. The amount recoverable on pending losses at June 30, 2016 was $175,000 reducing the Funds' liability.

WORKFORCE SAFETY & INSURANCE

Workforce Safety & Insurance (WSI), an Enterprise Fund, is a state insurance fund and a "no fault" insurance system covering the State's employers and employees. At June 30, 2016, coverage extended to the following employers:

Annual Premium	
$250 - $5,000	17,835
$5,001 - $50,000	5,654
$50,001 - $100,000	572
Over $100,000	517
Total Employers	24,578

WSI is financed by premiums assessed to the employers of North Dakota. The premiums are available primarily for the payment of claims to employees injured in the course of employment.

The operations of WSI are accounted for on the accrual basis. Liability for incurred but not reported and incomplete claims and claims expense is estimated by WSI's actuary. The estimate is developed by WSI's actuary, taking into consideration past experience of WSI in paying claims, and general conditions of the environment in which WSI operates. The liability includes estimates of costs to settle individual claims that have been reported, plus a provision for losses incurred but not yet reported and includes the effects of inflation and other societal and economic factors. WSI records the liability at a discounted amount.

As adjustments to this estimated liability become necessary, such adjustments are reflected in current operations. Management believes the estimated liability for losses and loss adjustment expense is sufficient to cover the ultimate net cost of incurred claims, but such reserves are necessarily based on estimates and the ultimate liability may be greater or less than the amounts estimated.

For the year ended June 30, 2016, the actuary presented an estimate in the form of a range to emphasize the uncertainty for a "long-tailed" liability insurer such as workers' compensation. These ranges are as follows (expressed in thousands):

	Low	Central Value	High
Full value basis, undiscounted	$ 1,716,741	$ 1,842,107	$ 1,941,869
Present value basis, discounted at 5%	1,035,636	1,111,738	1,177,260

WSI has adjusted the estimated liability for unpaid loss and loss adjustment expense to the actuary's five percent discounted expected value of $1,111,738,115 at June 30, 2016.

While management has recorded amounts that fall within the ranges of estimated liabilities as computed under actuarial assumptions, the high level of uncertainty indicates that actual losses and expenses could be materially higher than the recorded estimated liability.

WSI has entered into a contract with an intermediary for reinsurance coverage for catastrophic coverage. WSI has four coverage levels, with retention limits of $3 million, $5 million, $10 million and $20 million. Terms, limits and pricing are re-evaluated annually. For the year ended June 30, 2016 WSI recorded ceded losses of $11,102,810 and ceded premiums of $6,520,756.

B. RECONCILIATION OF CLAIMS LIABILITIES

The following is a reconciliation of total claims liabilities, including an analysis of changes in aggregate liabilities for claims and claim adjustment expenses for the current fiscal year and the prior year (expressed in thousands):

	Fire And Tornado		Bonding		Workforce Safety & Ins	
	2016	2015	2016	2015	2016	2015
Unpaid claims and claims adjustment expenses at the beginning of the year	$ 441	$ 2,133	$ 129	$ 72	$ 1,096,674	$ 1,052,806
Incurred claims and claims adjustment expenses:						
Provision for current fiscal year	3,037	1,141	26	94	228,620	314,612
Change in provision for prior fiscal year	223	393	-	-	(28,384)	(39,387)
Payments and claims and adjustment expenses attributable to:						
Current fiscal year insured events	(889)	(938)	78	35	(40,871)	(60,697)
Prior fiscal years' insured events	(631)	(2,288)	(129)	(72)	(141,533)	(133,258)
Total Payments	(1,520)	(3,226)	51	(37)	(182,404)	(193,955)
Change in provision for discount	-	-	-	-	(2,768)	(37,402)
Total unpaid claims and claims adjustment expenses at the end of the year	$ 2,181	$ 441	$ 104	$ 129	$ 1,111,738	$ 1,096,674

NOTE 17 – BANK OF NORTH DAKOTA

GASB Statement No. 34 requires assets and liabilities of enterprise funds be presented in a classified format to distinguish between current and long-term assets and liabilities. The Bank of North Dakota is the only government-owned bank in the United States. Banks do not present a classified balance sheet because current assets are not matched with current liabilities. Presentation of a classified balance sheet would give the false impression that there is a liquidity problem at the bank. Presentation of a classified balance sheet for the Bank of North Dakota would be misleading to the extent that the financial statements may be materially misstated. Therefore, the balance sheet of the Bank of North Dakota presents assets and liabilities in order of their relative liquidity, rather than in a classified format.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

A. LONG-TERM COMMITMENTS

BANK OF NORTH DAKOTA

Under chapter 61-02.1-04 of North Dakota Century Code, principal and interest on State Water Commission bonds issued are payable from transfers to be made and appropriated by the legislative assembly from the water development trust fund as provided in section 61-02.1-05, then from transfers to be made and appropriated by the legislative assembly from revenues in the resources trust fund other than revenues from state taxes, then from appropriations of other available revenues in the then current biennium, and then from any other revenues the State Water Commission makes available during the then current biennium for that purpose, including any federal moneys received by the state for the construction of flood control or reduction projects to pay bonds issued for that project. If sufficient funds from these sources are not available, then from transfers to be made and appropriated by the legislative assembly from the first available current biennial earnings of the Bank of North Dakota not to exceed $6,500,000 per biennium prorated with any other bonds payable from transfers to be made and appropriated by the legislative assembly from the available current biennial earnings of the Bank of North Dakota, to be credited by the trustee to the fund established for paying principal and interest on the bonds under a trust indenture. If the bank has to provide a transfer to the State Water Commission to make principal and interest payments on these bonds, the State Water Commission would then have to request from the next legislative assembly funding to repay the transfer made by the bank. As of December 31, 2015, the Bank has provided no such transfers.

Chapter 6-09.7-09 provides that the Bank of North Dakota may guarantee the loan of money by banks, credit unions, lending institutions that are part of the farm credit system, and savings and loan associations in this state to eligible persons for the purchase of agricultural real estate or the restructuring of agricultural real estate loans, provided the transactions do not exceed a loan to value ratio of 80% and further provided that no single loan exceeds $400,000. The

Bank may have no more than $8,000,000 in outstanding loan guarantees under this program. The Bank may guarantee up to 75% of the amount of principal due the lender. The guarantee term may not exceed 5 years. The Bank had no outstanding guarantees as of December 31, 2015. As of December 31, 2015, the Bank has guarantees outstanding totaling $296,000. The Bank has not recorded a contingent liability related to the guarantee loan program as of December 31, 2015.

Chapter 6-09.15 provides that the Bank of North Dakota provide a Beginning Entrepreneur Loan Guarantee Program. The program includes an agreement with a lender that in the event of default by a beginning entrepreneur under a note and mortgage or other loan or financing agreement, the Bank shall pay the lender the amount agreed upon up to 85 percent of the amount of principal due the lender on a loan at the time the claim is approved. The total outstanding loans that the Bank may guarantee cannot exceed 5% of the Bank's tier one capital as define by the Department of Financial Institutions. A lender may apply to the Bank for a loan guarantee for a loan of up to $200,000. The term of the guarantee may not exceed five years. As of December 31, 2015, the Bank has guarantees outstanding totaling $5,035,000 and had guarantee commitments outstanding of $379,000 included in commitments to extend credit.

Under various House bills, the Bank shall transfer the following amounts to specific loan programs from its current earnings and undivided profits.

	Approved Maximum Transfer by the House	Amount Transferred as of December 31, 2015
Housing Incentive Fund	$ 5,000,000	$ -
Partnership in Assisting Community Expansion Fund	28,000,000	8,300,000
Agriculture Partnership in Assisting Community Expansion Fund	3,000,000	600,000
Biofuels Partnership in Assisting Community Expansion Fund	2,000,000	800,000
Beginning Revolving Loan Fund	7,000,000	2,000,000
Medical Partnership in Assisting Community Expansion Program	10,250,000	-
Infrastructure Revolving Loan Fund	100,000,000	-

Under various Senate Bills, the Bank also has commitments to provide loans and lines of credits to other organizations as follows:

	Loan Limit	Outstanding Loan Balance as of December 31, 2015	Line of Credit Limit	Outstanding Line of Credit Balance as of December 31, 2015
State Historical Society	$ 1,250,000	$ -	$ -	$ -
State Water Commission	56,000,000	45,840,000	200,000,000	-
School Construction Assistance Loan Fund	200,000,000	-	-	-
School District School Construction Loans	250,000,000	29,492,000	-	-
School Districts – interest rate buy-downs on construction loans	7,875,000	-	-	-

STATE COURTS

State Courts has entered into various contracts with third parties for services. The outstanding commitment on these contracts as of June 30, 2016 is $1.66 million.

INDUSTRIAL COMMISSION

The Industrial Commission has entered into various contracts with third parties for the following programs. As of June 30, 2016, the total outstanding balance on these contracts was:

Lignite Research Program	$ 10,769,007
Lignite Vision 21 Program	3,572,866
Oil and Gas Research Program	5,049,134
Renewable Energy Program	1,185,653
Outdoor Heritage Fund Program	19,932,006

In addition to the contracts above, the Commission has authorized projects totaling $2,019,860 for which there is no signed contract.

MILL AND ELEVATOR

As of June 30, 2016, the Mill had commitments to purchase 4,023,789 bushels of spring wheat and 299,124 bushels of durum.

PUBLIC FINANCE AUTHORITY

The Finance Authority purchased letters of credit from the Bank of North Dakota in order to fund the reserves for the Capital Financing Program Bonds. As of December 31, 2015, $27,534,000 of credit was available through these letters of credit and no funds have been advanced.

HOUSING INCENTIVE FUND

The Fund makes various commitments relating to construction projects to meet unmet housing needs across North Dakota. The Fund had $80,064,999 of signed commitments for construction projects as of June 30, 2016. The Fund had an additional $10,335,001 of conditional commitments for construction projects as of June 30, 2016. The total paid on these commitments as of June 30, 2016 was $61,061,825.

DEPARTMENT OF HUMAN SERVICES

As of June 30, 2016, the Department of Human Services had significant commitments for the purchase of various types of services totaling $504,386,025.

AERONAUTICS COMMISSION

As of June 30, 2016, the Aeronautics Commission had significant commitments of approximately $4,984,078. This amount consists of grants to political subdivisions for maintenance and improvements of their airports.

DAIRY PRODUCTS PROMOTION COMMISSION

As of June 30, 2016, the Dairy Products Commission had significant commitments of $160,000. This amount consists of a contract with Midwest Dairy Association to implement and administer programs intended to contribute to the betterment of North Dakota dairy farmers and the State's dairy industry. The contract also provides the Commission with administrative, financial, and reporting services.

NORTH DAKOTA SOYBEAN COUNCIL

As of June 30, 2016, the North Dakota Soybean Council had significant commitments of $2,161,904. This amount mainly consists of grants for the research and development of soybeans.

STATE WATER COMMISSION

As of June 30, 2016, the State Water Commission had long-term commitments of $491,398,619 for various water projects.

NORTH DAKOTA LOTTERY

The Lottery contracts with a third party to provide an online gaming system and related services through June 30, 2022. Total payment for these services during the year ended June 30, 2016 were $3.7 million based on 10.473% of ticket sales. The Lottery's future obligation through June 30, 2022 is based on 10.473% of ticket sales, there is no minimum fee or retainer fee.

NORTH DAKOTA DEPARTMENT OF TRANSPORTATION

At June 30, 2016, the North Dakota Department of Transportation (Special Revenue Fund) had non-construction contract commitments of approximately $84.9 million. Construction commitments at June 30, 2016, totaled approximately $528.0 million, of which $200.9 million represents federal programs which are cost reimbursable. These commitments will be funded with future appropriations as work is performed.

UNIVERSITY SYSTEMS

Contracts for the construction of various projects on behalf of the University System have been let as follows (expressed in thousands):

	Original Issue	Paid To Date	Amount To Be Paid
BSC	$ 1,749	$ 763	$ 986
DCB	1,014	106	908
DSU	448	351	97
LRSC	162	72	90
MaSU	6,076	5,915	161
MiSU	2,721	2,315	406
NDSCS	13,727	5,794	7,933
NDSU	110,624	80,206	30,418
UND	186,067	170,185	15,882
VCSU	16,784	4,636	12,148
WSC	6,782	6,782	-

DICKINSON STATE UNIVERSITY
DSU is not a guarantor on the DSU Foundation debt. However, it is reasonably possible that DSU may be liable for a portion of the DSUF debt. An estimate of the range of liability is $0 to $3.8 million.

MINARD HALL
Minard Hall is the largest academic facility located in the historical district on NDSU's campus. Minard Hall experienced an unprecedented partial collapse of the north wall in the early morning hours of December 27, 2009. The partial collapse of Minard Hall's North wall, during the construction of the legislatively approved addition, resulted in a delay in the completion of the project, increased costs for construction and legal expenses, as well as numerous other issues, such as relocation of faculty, staff, and classroom space.

The SBHE approved in December 2010, plans to expand the original scope and timeline of the Minard Hall capital improvement project and subsequent collapse to include NDSU seeking legislative authorization and funding. Minard Hall construction is complete, and the building has been in full operation since the Fall 2013-14 academic term.

NDSU requested and was approved by the SBHE in November 2011 and North Dakota Legislative Budget Section in December 2011 to increase the project authorization of the Minard Hall project by $4,874,300 from $18,000,000 to $22,874,300 under NDCC 48-01.2-25 and to authorize under NDCC 15-10-12.3 the additional funding from insurance proceeds, legal settlements, and other available funds.

During the 64th Regular Legislative Assembly, NDSU sought and received an additional $600,000 in project authorization due to the filing of a lawsuit by a contractor against NDSU. Authorization was increased from $22,874,300 to $23,474,300 for related costs. In July 2015, all three litigations relating to the Minard Hall project were settled by NDSU pursuant to authority granted by the SBHE. As a result of the settlements, NDSU paid one contractor the sum of $220,000 and NDSU received from various other entities the sum of $3,020,000. All settlement payments have been made, and the litigations have been dismissed.

The settlement proceeds to NDSU are less than the total expenditures on the project and on December 10, 2015 the SBHE approved NDSU's request to seek a deficiency appropriation during the 2017 (65th) Legislative Assembly for the unreimbursed costs of $1,634,853 due to the Minard Hall collapse.

NDSU provided a status update on the project to the Legislative Budget Section on December 16, 2015 as required per HB1003-Section 27 and has also provided information to the system office in August 2016 for a deficiency appropriation request with OMB. If approved, the deficiency appropriation would take place before June 30, 2017.

NORTH DAKOTA DEVELOPMENT FUND

The board of directors has approved equity investments, loans, grants, and guaranty of collections at June 30, 2016, for which funds have not been disbursed or written agreements entered into in the amount of $3,223,447.

OTHER CONSTRUCTION COMMITMENTS

That State has entered into construction commitments. As of June 30, 2016, the following commitment exists on other construction contracts, in thousands:

Office of Management and Budget	$	116
Legislative Assembly		4,222
ND School for the Deaf		477
Health Department		156
Department of Human Services		79,860
Industrial Commission		4,589
Highway Patrol		303
Corrections and Rehab		1,108
Adjutant General		7,725
Parks and Recreation		3,078
Department of Transportation		333,039

B. LITIGATION

The estimated loss in all of the litigation against the State in which a loss to the State was probable was $5,000,000. Litigation that is reasonably possible to result in an unfavorable outcome is estimated at a range of $1,335,000 to $5,750,000.

In November 1998, the North Dakota Attorney General joined forty-five other states and five territories in a settlement agreement against the nation's largest tobacco manufacturer. The Master Settlement Agreement includes base payments to states totaling $220.6 billion for the next 25 years, and continues in perpetuity. North Dakota's share of the settlement is expected to be $866 million over the next 25 years. The amount of the annual payment is subject to a number of modifications, including adjustments for inflation and usage volumes. Some of the adjustments may result in increases in the payments (inflation, for example), or other adjustments will likely cause decreases in the payments (e.g., volume adjustments). The net effect of these adjustments on future payments is unclear.

C. QUESTIONED COSTS

The State receives federal financial assistance which is subject to review and audit by the Office of the State Auditor and the federal government. This assistance is generally conditioned upon compliance with certain laws and regulations. Disallowed and questioned costs relating to federal assistance could become a liability to the State. The State estimates that the ultimate disallowances pertaining to federal assistance, if any, will be immaterial to its overall financial condition.

The single audit of the State of North Dakota for the two-year period ending June 30, 2014, was completed and issued in March of 2015. As a result of this audit, approximately $53,250 of identifiable questioned costs was noted. Also, there were several findings which had potentially significant, unknown, questioned costs. The State is cooperating with the federal government to resolve the findings and is optimistic these findings will not have a material impact on the State.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent to year end, the State has incurred approximately $18.8 million in costs for protests related to the Dakota Access Pipeline.

BANK OF NORTH DAKOTA

In August 2016 BND entered into an interest rate swap with Wells Fargo which resulted in a fixed rate funding commitment on $50 million for 15 years. This transaction was completed to hedge fixed rate mortgage and DEAL loans.

BND also has two other interest rate swaps for the same purpose with a notional amount of $50 million each with Wells Fargo and SunTrust Bank. As of October 31, 2016, the market value position of these three transactions was a net loss of ($9,820,234).

Since the end of 2014, North Dakota's economy has been impacted by low commodity prices in both the energy and agriculture sectors. BND continues to monitor the impact these lower prices will have on credit quality as well as state revenues. BND will proactively increase its provision for loan loss to compensate for any reduction in credit quality, which could have a direct impact on present and future earnings. BND also anticipates that overall, the State of North Dakota will have less tax revenues in the near term, resulting in slower or even negative deposit growth for BND through 2016 and carrying into the first half of 2017.

The 2015 Legislature authorized a new Medical Pace Program with a $32,000,000 overall limit. The buydown for this Program will be part of the amount set aside for Special Loan Programs as well as the transfer of funds that were unused in the previous biennium. So far, BND's portion of loan commitments for two ND Hospitals totals $12.8 million which will use $7,349,309 in interest buydown.

The 2015 Legislature authorized a transfer of up to $100 million from BND to fund an Infrastructure Loan Fund for North Dakota Cities and Counties. They also transferred an additional $50 million from the Strategic Investment and Improvement Fund to this same revolving loan fund. So far, BND has committed to $38.5 million of infrastructure loans. The legislation mandated that the money from the Strategic Investment and Improvement Fund be used to fund the initial $50 million of commitments and the drawdown of up to $100 million from BND to fund activity over the initial $50 million.

The 2015 Legislature approved $5,000,000 from BND's capital to be deposited into the Housing Incentive Fund, which was removed from retained earnings and deposited on September 14, 2015. Another $5,000,000 contribution from BND to the Housing Incentive Fund was contingent upon BND earning at least $130,000,000 in 2015. Since BND's earnings exceeded $130,000,000 in 2016, the $5,000,000 for the Housing Incentive Fund was drawn from BND's retained earnings in January 2016.

The 2015 Legislature approved $7,875,000 from BND's capital to fund the interest buydown during the 2015-2017 biennium on up to $250,000,000 of school construction loans. BND has committed loan funds to 15 districts totaling $107.9 million that will use over $2.5 million in interest buydown. Another $33.4 million of loans to six school districts are pending for the 15-17 biennium.

As of October 31, 2016, $22.2 million of the $40 million appropriation for the 2015-2017 biennium has been drawn from BND's retained earnings to fund the interest buy-down in the following loan programs: Ag PACE, Flex PACE, Affordable Housing Flex PACE, PACE, Biofuels PACE and Beginning Farmer. Withdrawals from retained earnings since January 1, 2016 total $10.5 million.

On September 28, 2016, BND closed on a line of credit for $6.0 million to fund the resources required to respond to the Dakota Access Pipeline protest. An additional $4.0 million was approved bringing the total committed to $10.0 million.

NORTH DAKOTA HOUSING FINANCE AGENCY

The Agency securitized mortgage loans to create mortgage backed securities which were sold for proceeds of $30.87 million subsequent to year end.

Subsequent to yearend, the Agency issued $129.57 million of bonds payable for the home mortgage program. The bonds have an interest rate ranging from 1.0% to 3.5% and mature between January 1, 2017 and July 1, 2046.

UNIVERSITY SYSTEMS

NORTH DAKOTA STATE UNIVERSITY

On July 27, 2016, the NDSU Research & Technology Park issued Taxable Lease Revenue Refunding Bonds (North Dakota State University Lease Obligation), Series 2016, of $18,790,000. The bonds were issued to advance refund NDSU Research & Technology Park Lease Revenue Bonds, Series 2007A and 2007B, with outstanding principal balances of $2,705,000 and $15,150,000, respectively.

On August 2, 2016, NDSU issued North Dakota State University Housing and Auxiliary Facilities Revenue Refunding Bonds, Series 2016, of $10,405,000. The bonds were issued to advance refund North Dakota State University Housing and Auxiliary Facilities Revenue Bonds, Series 2007A, with an outstanding principle balance of $10,170,000.

DICKINSON STATE UNIVERSITY FOUNDATION

The receiver recommended dissolution of the DSUF on August 31, 2015. Several of the DSUF personal property and real property assets have been sold and will be conveyed by the end of 2016. All net sale proceeds from the sales will be deposited and ultimately distributed by order of the Court.

The Court appointed a special master—former federal Magistrate Karen Klein—who will complete a hearing and issue recommended Findings of Fact and Conclusions of Law to the District Court. No time has been set at this point, other than the final hearing before the Court cannot occur prior to May 1, 2017. A final hearing on the Foundation is expected to occur during the summer of 2017.

BADLANDS ACTIVITY CENTER (BAC) LITIGATION

Five banks filed a complaint against the "State of North Dakota, by and through its Board, the State Board of Higher Education [SBHE], and Dickinson State University [DSU]" on July 14, 2016, in state District Court in Stark County, North Dakota. In summary, the complaint seeks payment from the SBHE and DSU for the unpaid balance of a loan/obligation of which the Dickinson State University Foundation (DSUF) was the borrower of record and only party required to pay the debt obligation. The unpaid balance of the loan is close to $4 million. A trial has been set for early 2018.

MINOT STATE UNIVERSITY

In December 2013, a former Minot State University (MiSU) student filed a complaint with the U.S. Department of Education (DoE) Office of Civil Rights (OCR). In a February 2014 letter to MiSU, the OCR stated: "The complaint raises whether the University fails to promptly and equitably respond to complaints, report and/or incidents of sexual violence of which it had notice…thereby creating for students a sexually hostile environment." Following a site visit to the MiSU campus in October 2014 and subsequent investigation, OCR and MiSU entered into a resolution agreement on July 7, 2016. That agreement, among other things, requires MiSU to "offer [the student], at the university's expense, counseling and other remedies, as appropriate, to address any emotional, psychological, academic, or employment issues she faced as a result of the university delay in processing her complaint."

NORTH DAKOTA STATE UNIVERSITY MINARD HALL

The State Board of Higher Education (SBHE) approved (December 2010) plans to expand the original scope and timeline of the Minard Hall capital improvement project and subsequent collapse to include NDSU seeking legislative authorization and funding, subject to consultation with the president of the State Board and the Chancellor. Updates on the project progress are provided regularly to NDSU's President, Chancellor and State Board of Higher Education. Minard Hall construction is complete, and the building has been in full operation since the Fall 2013-14 academic term.

NDSU requested and was approved by the SBHE (November 2011) and Budget Section (December 2011) to increase the project authorization of the Minard Hall project by $4,874,300 from $18,000,000 to $22,874,300 under Section 48-01.2-25 and to authorize under Section 15-10-12.3 the additional funding from insurance proceeds, legal settlements, and other available funds.

During the 64th Regular Legislative Assembly, NDSU sought and received an additional $600,000 in project authorization due to the filing of a lawsuit by a contractor against NDSU. Authorization was increased from $22,874,300 to $23,474,300 for related costs. In July 2015, all three litigations relating to the Minard Hall project were settled by NDSU pursuant to authority granted by the SBHE. As a result of the settlements, NDSU paid one contractor the sum of $220,000 and NDSU received from various other entities the sum of $3,020,000. All settlement payments have been made, and the litigations have been dismissed.

Legal settlement proceeds were less than the total expenditures on the project. The SBHE and NDSU have requested a deficiency appropriation in the amount of $1,634,853.52 to cover unreimbursed costs related to the Minard Hall Collapse.

A complaint was filed with the Higher Learning Commission (HLC) in 2013 alleging governance failures by the State Board of Higher Education (SBHE) and the then-chancellor, Dr. Ham Shirvani. The HLC visited NDUS in April 2014 in response to the complaint. After that visit, the HLC submitted a report indicating that the NDUS had satisfactorily addressed all of the concerns raised about compliance with HLC accreditation requirements. The April 2014 visit and subsequent report demonstrated the substantial progress of NDUS since the time of the complaint. At the time of the visit, however, the HLC expressed a desire to follow-up on Criterion Five, Core 5d - Systematic Improvement. An HLC advisory team conducted a focus visit on November 9-10, 2015 to evaluate the SBHE's progress toward Criterion Five, Core 5d.

The NDUS was notified in August 2016 that it has now officially met all requirements set forth by the Higher Learning Commission. No further action is necessary.

COMMUNITY WATER FACILITY LOAN PROGRAM

As of October 31, 2016, the cash available in loans is $12.5 million with one loan commitment totaling $1,575,000.

GUARANTEED STUDENT LOAN PROGRAM

In October 2016 the Industrial Commission approved a $10 million transfer from the Student Loan Trust to the Guarantee Agency to be used as additional reserves for the DEAL Program and to cover loan fees for in-state borrowers. The DEAL Program grew by over $100 million in 2016 which required a transfer from fund balance to reserves of $4.4 million during the fiscal year.

MEDICAL FACILITY INFRASTRUCTURE LOAN FUND

As of October 31, 2016, the outstanding commitments to six North Dakota hospitals totaled $50 million, with three of the commitments funded totaling $18.3 million.

REBUILDERS LOAN PROGRAM

As of October 31, 2016, the outstanding loans total $36.38 million to 1,380 borrowers.

STUDENT LOAN TRUST

The 2015 Legislature approved the withdrawal of over $7.5 million to provide funding for:

- ND University System Programs - $3.5 million
- Dept. of Health Dental Loans Repayment - $360 thousand
- Dept. of Commerce Tribal College Grants - $1 million
- Addiction Counseling - $200 thousand
- Matching Grants for Advancement Initiative - $2.5 million

As of October 31, 2016, the Student Loan Trust has $1.48 million remaining to expend of the total amount approved by the 2015 legislature.

In addition, in October 2016, the Industrial Commission approved a $10 million transfer to Guaranteed Student Loans to provide additional funding for DEAL Program reserves and to cover loan fees for in-state borrowers under the DEAL program.

FARM FINANCIAL STABILITY LOAN PROGRAM

This Program was introduced and approved by the Industrial Commission in November with a December 1, 2016 start date. This program provides below market interest rates and extended terms to North Dakota farmers who have been impacted by low commodity prices or below average crop production. The Bank of North Dakota has set an overall limit of $300 million for this program, with individual limits of $750,000 on chattel loans or $1.5 million on farm real estate loans. Borrowers under this program can choose between a fixed rate of 3.75% for 5 years or a variable rate of 1% below the Bank's Base Rate (Currently 3.25%-1.00%=2.25%). As of October 31, 2016, BND has $144,233,792 of loans to approximately 250 borrowers.

PUBLIC FINANCE AUTHORITY

Standard & Poors downgraded the Capital Financing and Industrial Development Bond Programs to A+. This is a result of the State of North Dakota's rating being modified.

Subsequent to June 30, 2015, the Authority issued the following bonds. $16,405,000 of State Revolving Fund Program Refunding Bonds, Series 2016A. The bonds are payable in in annual principal payments and semi-annual interest payments through 2028. The interest rate on the bonds vary from 4.0% to 5.0%. The reacquisition price exceeded the net carrying amount of the old debt by $1,622,207.80. Total debt service was reduced by $9,270,371.27 and this resulted in an economic gain of $4,107,098.94.

JOB SERVCIE NORTH DAKOTA

Subsequent to year end, the Agency entered into a lease agreement for a mainframe. Quarterly lease payments of $103,068 are due beginning in July 1, 2016 through April 1, 2021.

NOTE 20 – NEW PRONOUNCEMENTS

The State implemented the following new pronouncement for fiscal year 2016:

GASB Statement No. 72, *Fair Value Measurement and Application,* addresses accounting and financial reporting issues related to fair value measurements. The Statement provides guidance for determining fair value measurement for reporting purposes and for applying fair value to certain investments and disclosures related to all fair value measurements. The requirements of this Statement are effective for financial statement periods beginning after June 15, 2015. Earlier application is encouraged.

GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles (GAAP). The "GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement is effective for reporting periods beginning after June 15, 2015. Earlier application is permitted.

The State will implement the following new pronouncements for fiscal years ending after 2016:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This Statement is effective for financial statements for fiscal years beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement is effective for fiscal years beginning after June 15, 2017. Earlier application is encouraged.

GASB Statement No. 77, *Tax Abatement Disclosures*, Financial statements prepared by state and local governments in conformity with generally accepted accounting principles provide citizens and taxpayers, legislative and oversight bodies, municipal bond analysts, and others with information they need to evaluate the financial health of governments, make decisions, and assess accountability. This information is intended, among other things, to assist these users of financial statements in assessing (1) whether a government's current-year revenues were sufficient to pay for current-year services (known as interperiod equity), (2) whether a government complied with finance-related legal and contractual obligations, (3) where a government's financial resources come from and how it uses them, and (4) a government's financial position and economic condition and how they have changed over time. This Statement is effective for financial statements for periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 78, *Pensions provided through Certain Multiple-Employer Defined Benefit Pension Plans*, is to address a practice issue regarding the scope and applicability of Statement No. 68, *Accounting and Financial Reporting for Pensions*. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The requirements of this Statement are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. This Statement is effective for reporting periods beginning after June 15, 2015, except for certain provisions on portfolio quality, custodial credit risk, and shadow pricing. Those provisions are effective for reporting periods beginning after December 15, 2015. Earlier application is encouraged.

GASB Statement No. 80, *Blending Requirements for Certain Component Units and amendment of GASB Statement No. 14*, amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criteria require blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain*

Organization Are Component Units. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016. Earlier application is encouraged.

GASB Statement No. 81, *Irrevocable Split-Interest Agreements*, provides recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2016, and should be applied retroactively. Earlier application is encouraged.

GASB Statement No. 82, *Pension Issues – an amendment of GASB Statements No. 67 and No. 73*, provides further guidance regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement amends GASB Statements No. 67 and No. 68 to require the presentation of covered payroll to be defined as the payroll on which contributions to a pension plan are based, rather than the payroll of employees that are provided with pensions through the pension plan. The requirements of this Statement are effective for reporting periods beginning after June 15, 2016, except for the requirements of this Statement for the selection of assumptions in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements for the selection of assumptions are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017. Earlier application is encouraged.

Required Supplementary Information

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
General Fund
For the Fiscal Year Ended June 30, 2016

	Approved Budget 2015-2017 Biennium	Appropriation Adjustments 2015-2017 Biennium	Adjusted Budget 2015-2017 Biennium	Actual Biennium To Date Thru 6-30-16	Difference Uncollected/ Unspent Thru 6-30-16
Budgetary Fund Balance, July 1	$ 598,664,078	$ -	$ 598,664,078	$ 496,722,235	$ (101,941,843)
Resources (Inflows):					
Sales and Use Tax	2,868,026,560		2,868,026,560	925,369,574	(1,942,656,986)
Income Tax	1,134,698,000		1,134,698,000	451,518,549	(683,179,451)
Financial Institutions Tax	-		-	324,145	324,145
Oil And Gas Production Tax	155,569,998		155,569,998	83,379,177	(72,190,821)
Oil Extraction Tax	144,430,002		144,430,002	116,620,823	(27,809,179)
Insurance Premium Tax	91,830,364		91,830,364	55,575,373	(36,254,991)
Cigarette, Cigar and Tobacco Tax	61,334,000		61,334,000	29,049,715	(32,284,285)
Wholesale Liquor Tax	18,995,000		18,995,000	9,025,988	(9,969,012)
Coal Conversion Tax	39,578,000		39,578,000	22,189,976	(17,388,024)
Gaming Tax	7,106,250		7,106,250	3,457,054	(3,649,196)
Lottery	15,260,000		15,260,000	9,580,000	(5,680,000)
Department Fees and Collections	73,883,318		73,883,318	41,644,520	(32,238,798)
Mineral Leasing Fees	19,667,704		19,667,704	13,801,576	(5,866,128)
Motor Vehicle Excise Tax	314,324,000		314,324,000	106,332,785	(207,991,215)
Interest on Public Funds	20,999,500		20,999,500	12,383,371	(8,616,129)
Gas Tax Administration	2,030,496		2,030,496	1,091,154	(939,342)
Transfers In	670,775,000		670,775,000	661,434,893	(9,340,107)
Total Revenue Inflows	5,638,508,192	-	5,638,508,192	2,542,778,673	(3,095,729,519)
					-
Amounts Available for Appropriation	6,237,172,270	-	6,237,172,270	3,039,500,908	(3,197,671,362)
Charges to Appropriations (Outflows):					
General Government:					
Governor's Office	4,499,475	(182,229)	4,317,246	1,969,404	2,347,842
Secretary of State	9,764,808	169,229	9,934,037	3,797,496	6,136,541
Secretary of State Public Printing	320,500	(30,455)	290,045	202,611	87,434
Office of Management and Budget	43,988,258	2,850,691	46,838,949	19,152,615	27,686,334
Information Technology	27,905,987	(421,943)	27,484,044	12,349,661	15,134,383
State Auditor	10,461,832	(343,704)	10,118,128	4,729,780	5,388,348
State Treasurer	260,057,355	(10,515,243)	249,542,112	125,317,733	124,224,379
Attorney General	55,376,870	(2,242,312)	53,134,558	23,845,208	29,289,350
Tax Department	58,769,918	(2,337,416)	56,432,502	24,588,288	31,844,214
Legislative Assembly	15,885,367	1,546,759	17,432,126	4,838,637	12,593,489
Legislative Council	13,439,133	4,858,858	18,297,991	5,883,641	12,414,350
Supreme Court	112,630,994	-	112,630,994	52,699,618	59,931,376
Legal Counsel for Indigents	18,304,103	(738,125)	17,565,978	8,406,234	9,159,744
Education:					
Public Instruction	1,820,982,952	(71,295,989)	1,749,686,963	803,445,980	946,240,983
Land Department	-	5,985,909	5,985,909	3,301,991	2,683,918
State Library	6,773,655	(274,333)	6,499,322	3,132,280	3,367,042
School for the Deaf	9,140,590	(220,468)	8,920,122	3,893,784	5,026,338
School for the Blind	5,081,484	(205,800)	4,875,684	2,527,879	2,347,805
Vocational Education	33,920,062	(1,373,763)	32,546,299	15,646,680	16,899,619
Health & Human Services:					
Dept. of Health	51,521,680	(1,724,349)	49,797,331	22,634,941	27,162,390
Veteran's Home	8,697,725	(117,579)	8,580,146	5,531,012	3,049,134
Indian Affairs Commission	1,217,245	(49,298)	1,167,947	532,001	635,946
Veteran's Affairs	1,612,495	(51,350)	1,561,145	778,825	782,320
Dept. of Human Services-Management	66,173,438	18,190,627	84,364,065	40,484,016	43,880,049
Dept. of Human Services-Program and Policy	1,054,408,091	(41,237,756)	1,013,170,335	508,509,604	504,660,731
Dept. of Human Services-Centers	211,621,304	(4,210,375)	207,410,929	115,088,559	92,322,370
Protection and Advocacy	3,034,111	(30,107)	3,004,004	1,369,015	1,634,989
Job Service	2,116,191	(78,506)	2,037,685	1,184,637	853,048
Regulatory:					
Industrial Commission	34,966,173	(538,496)	34,427,677	12,930,684	21,496,993
Labor Commission	2,511,761	(111,726)	2,400,035	1,000,489	1,399,546
Public Service Commission	7,935,207	(316,256)	7,618,951	3,263,081	4,355,870
Securities Commissioner	2,237,326	(90,612)	2,146,714	996,540	1,150,174
Public Safety and Corrections:					
Highway Patrol	46,656,563	(1,022,091)	45,634,472	21,665,538	23,968,934
Corrections & Rehab	215,387,242	(8,116,675)	207,270,567	99,932,835	107,337,732
Adjutant General	33,033,118	2,529,365	35,562,483	15,522,149	20,040,334
Agriculture & Commerce:					
Department of Commerce	56,203,701	2,011,845	58,215,546	31,878,121	26,337,425
Department of Agriculture	11,581,056	(469,033)	11,112,023	5,020,953	6,091,070
State Fair	1,070,000	(43,335)	1,026,665	434,802	591,863
Racing Commision	415,004	(16,808)	398,196	194,372	203,824
Natural Resources:					
Historical Society	21,592,039	(490,425)	21,101,614	9,439,602	11,662,012
Council on the Arts	1,744,723	(68,261)	1,676,462	734,134	942,328
Parks and Recreation	33,294,213	(848,658)	32,445,555	11,919,301	20,526,254
Transportation:					
Aeronautics Commission	1,000,000	(40,500)	959,500	859,990	99,510
Department of Transportation	636,375,558	(5,388,107)	630,987,451	545,612,856	85,374,595
Transfers Out	1,012,453,371	16,757,745	1,029,211,116	508,296,521	520,914,595
Total Charges to Appropriations	6,026,162,678	(100,341,055)	5,925,821,623	3,085,544,098	2,840,277,525
Ending Budgetary Fund Balance	$ 211,009,592	$ 100,341,055	$ 311,350,647	$ (46,043,190)	$ (357,393,837)

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
General Fund
For the Fiscal Year Ended June 30, 2016

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the General Fund Expenditures

Sources/Inflows of resources	
Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	2,542,778,673
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	(761,422,753)
Funds considered General funds for GAAP but not for Budget	802,370,429
Certain due from other funds are recorded under GAAP, but not Budget	11,708
Reimbursement activity between state agencies is eliminated only for GAAP	(407,714)
Proceeds are recorded for new capital leases on GAAP, but not for Budget	71,653
Repayment received on loan receivable are revenue for Budget to GAAP	109,625
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 2,583,511,621
Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	3,085,544,098
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	(59,511,461)
Funds considered General funds for GAAP but not for Budget	50,447,366
New capital leases are recorded as expenditures for GAAP, but not for Budget	71,653
Certain due to other funds are recorded under GAAP, but not for Budget	47,996,010
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 3,124,547,666

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Federal Fund
For the Fiscal Year Ended June 30, 2016

	Approved Budget 2015-2017 Biennium	Appropriation Adjustments 2015-2017 Biennium	Adjusted Budget 2015-2017 Biennium	Actual Biennium To Date Thru 6-30-16	Difference Uncollected/ Unspent Thru 6-30-16
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -	$ -
Resources (Inflows):					
Other Budgeted Income	3,603,313,311	82,725,456	3,686,038,767	1,599,264,681	(2,086,774,086)
Total Revenue Inflows	3,603,313,311	82,725,456	3,686,038,767	1,599,264,681	(2,086,774,086)
Amounts Available for Appropriation	3,603,313,311	82,725,456	3,686,038,767	1,599,264,681	2,086,774,086
Charges to Appropriations (Outflows):					
General Government:					
Secretary of State	1,508,535	-	1,508,535	710,478	798,057
Information Technology	3,088,121	-	3,088,121	573,581	2,514,540
State Auditor	1,497,451	-	1,497,451	561,249	936,202
Attorney General	9,224,049	-	9,224,049	2,437,598	6,786,451
Tax Department	125,000	-	125,000	15,580	109,420
Supreme Court	1,922,150	-	1,922,150	848,110	1,074,040
Education:					
Public Instruction	288,125,283	-	288,125,283	136,087,979	152,037,304
State Library	2,346,899	-	2,346,899	1,021,149	1,325,750
School for the Deaf	336,544	-	336,544	141,013	195,531
Vocational Education	9,542,913	-	9,542,913	4,629,071	4,913,842
Health & Human Services:					
Dept. of Health	123,502,877	(445,437)	123,057,440	53,483,329	69,574,111
Veteran's Affairs	288,018	1,328,865	1,616,883	332,757	1,284,126
Dept. of Human Services-Management	117,547,014	66,388,386	183,935,400	82,506,316	101,429,084
Dept. of Human Services-Program and Policy	1,914,059,547	125,876	1,914,185,423	903,834,289	1,010,351,134
Dept. of Human Services-Centers	100,644,277	(13,540)	100,630,737	30,437,033	70,193,704
Protection and Advocacy	3,432,853	-	3,432,853	1,638,524	1,794,329
Job Service	69,777,470	-	69,777,470	21,989,056	47,788,414
Regulatory:					
Insurance Department	622,788	-	622,788	262,345	360,443
Industrial Commission	237,934	-	237,934	130,550	107,384
Labor Commission	437,832	-	437,832	280,050	157,782
Public Service Commission	12,877,230	-	12,877,230	4,601,483	8,275,747
Public Safety and Corrections:					
Highway Patrol	6,375,211	-	6,375,211	2,769,336	3,605,875
Corrections & Rehab	5,733,326	-	5,733,326	3,688,398	2,044,928
Adjutant General	185,048,805	15,332,076	200,380,881	53,937,563	146,443,318
Agriculture & Commerce:					
Department of Commerce	55,438,817	-	55,438,817	21,197,642	34,241,175
Department of Agriculture	11,815,585	229,500	12,045,085	4,124,673	7,920,412
Natural Resources:					
Historical Society	3,299,901	-	3,299,901	848,537	2,451,364
Council on the Arts	1,681,952	-	1,681,952	705,182	976,770
Game and Fish	32,924,164	93,730	33,017,894	12,833,645	20,184,249
Parks and Recreation	5,597,809	(314,000)	5,283,809	1,418,997	3,864,812
Water Commission	15,631,225	-	15,631,225	3,018,623	12,612,602
Transportation:					
Aeronautics Commission	2,160,000	-	2,160,000	762,318	1,397,682
Department of Transportation	616,461,731	-	616,461,731	247,438,227	369,023,504
Total Charges to Appropriations	3,603,313,311	82,725,456	3,686,038,767	1,599,264,681	2,086,774,086
Ending Budgetary Fund Balance	$ -	$ -	$ -	$ -	$ -

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
Federal Fund
For the Fiscal Year ended June 30, 2016

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the Federal Fund Expenditures

Sources/Inflows of resources	
Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	1,599,264,681
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	27,067,136
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,626,331,817
Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,599,264,681
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	58,856,197
New Loans issued are expenditures for Budget but not for GAAP	(7,934,431)
GAAP, but not Budget expenditures are reduced by year end inventory balances	14,398,928
Intrafund activity eliminated for GAAP	(8,393,807)
Certain due to other funds are recorded under GAAP, but not for Budget	(7,929,684)
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 1,648,261,884

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
State Fund
For the Fiscal Year Ended June 30, 2016

	Approved Budget 2015-2017 Biennium	Appropriation Adjustments 2015-2017 Biennium	Adjusted Budget 2015-2017 Biennium	Actual Biennium To Date Thru 6-30-16	Difference Uncollected/ Unspent Thru 6-30-16
Budgetary Fund Balance, July 1	$ -	$ -	$ -	$ -	$ -
Resources (Inflows):					
Other Budgeted Income	4,098,651,377	332,717,801	4,431,369,178	1,773,609,858	(2,657,759,320)
Total Revenue Inflows	4,098,651,377	332,717,801	4,431,369,178	1,773,609,858	(2,657,759,320)
Amounts Available for Appropriation	4,098,651,377	332,717,801	4,431,369,178	1,773,609,858	(2,657,759,320)
Charges to Appropriations (Outflows):					
General Government:					
Secretary of State	2,075,001	314,006	2,389,007	900,731	1,488,276
Office of Management & Budget	22,725,390	(3,105,657)	19,619,733	4,436,147	15,183,586
Information Technology	148,624,918	-	148,624,918	63,553,281	85,071,637
State Auditor	2,008,419	-	2,008,419	884,002	1,124,417
Attorney General	26,676,736	3,176,539	29,853,275	10,110,197	19,743,078
Administrative Hearings	2,965,651	-	2,965,651	1,267,772	1,697,879
Legislative Council	70,000	-	70,000	53,258	16,742
Supreme Court	444,656	-	444,656	181,615	263,041
Legal Counsel for Indigents	2,106,914	-	2,106,914	961,358	1,145,556
Education:					
Public Instruction	220,507,190	72,258,143	292,765,333	183,022,784	109,742,549
Land Department	148,243,153	3,150	148,246,303	30,720,646	117,525,657
State Library	91,852	-	91,852	64,421	27,431
School for the Deaf	1,352,666	74,511	1,427,177	458,396	968,781
School for the Blind	625,325	-	625,325	67,589	557,736
Vocational Education	154,974	131,804	286,778	3,085	283,693
Health & Human Services:					
Dept. of Health	20,668,087	699,313	21,367,400	9,752,811	11,614,589
Tobacco Prevention & Control	16,548,039	-	16,548,039	7,455,833	9,092,206
Veteran's Home	15,014,298	1,147,125	16,161,423	6,274,302	9,887,121
Dept. of Human Services-Management	417,126	1,497,870	1,914,996	583,750	1,331,246
Dept. of Human Services-Program and Policy	80,968,429	19,092	80,987,521	30,654,089	50,333,432
Dept. of Human Services-Centers	32,132,524	(708,614)	31,423,910	13,126,778	18,297,132
Job Service	690,396	-	690,396	127,214	563,182
Regulatory:					
Insurance Department	27,623,558	-	27,623,558	12,675,535	14,948,023
Industrial Commission	30,381,835	-	30,381,835	17,208,446	13,173,389
Public Service Commission	1,423,345	-	1,423,345	190,840	1,232,505
Finanacial Institutions	8,455,767	-	8,455,767	3,810,882	4,644,885
Securities Commission	170,000	-	170,000	24,931	145,069
Public Safety and Corrections:					
Highway Patrol	6,687,330	-	6,687,330	3,343,665	3,343,665
Corrections & Rehab	32,629,380	-	32,629,380	12,521,729	20,107,651
Adjutant General	23,103,722	7,270,965	30,374,687	7,208,470	23,166,217
Agriculture & Commerce:					
Department of Commerce	19,730,656	2,281,060	22,011,716	7,935,052	14,076,664
Department of Agriculture	9,902,468	-	9,902,468	3,935,455	5,967,013
Racing Commission	158,730	-	158,730	49,677	109,053
Natural Resources:					
Historical Society	3,475,000	-	3,475,000	-	3,475,000
Council of Arts	63,515	100,000	163,515	3,099	160,416
Game and Fish	44,307,575	1,064,157	45,371,732	18,436,349	26,935,383
Parks and Recreation	9,265,026	748,429	10,013,455	4,341,875	5,671,580
Water Commission	1,143,304,611	-	1,143,304,611	302,985,583	840,319,028
Transportation:					
Aeronautics Commission	8,162,827	1,888,909	10,051,736	3,478,730	6,573,006
Department of Transportation	1,984,694,288	243,856,999	2,228,551,287	1,010,799,481	1,217,751,806
Total Charges to Appropriations	4,098,651,377	332,717,801	4,431,369,178	1,773,609,858	2,657,759,320
Ending Budgetary Fund Balance	$ -	$ -	$ -	$ -	$ -

STATE OF NORTH DAKOTA

Required Supplemental Information
Budgetary Comparison Schedule
Budget to GAAP Reconciliation
State Fund
For the Fiscal Year ended June 30, 2016

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and for the State Fund Expenditures

Sources/Inflows of resources	
Actual Amounts (budgetary basis) "total revenue inflows" from the budgetary comparison schedule	1,773,609,858
Differences-Budget to GAAP:	
The period of availability for revenue recognition for budget purposes differs from the GAAP basis.	463,574,056
Total revenues, capital lease acquisitions, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 2,237,183,914
Uses/Outflows of resources	
Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	1,773,609,858
Differences-Budget to GAAP:	
Estimated liabilities are recorded as expenditures for GAAP but not for Budget	1,686,489,331
New Loans issued are expenditures for Budget but not for GAAP	(20,400,290)
GAAP, but not Budget expenditures are reduced by year end inventory balances	456,914
Intrafund activity eliminated for GAAP	(695,883,355)
Certain due to other funds are recorded under GAAP, but not for Budget	2,886,514
Total expenditures, sale of capital assets, and transfers as reported on the statement of revenues, expenditures, and changes in fund balance-governmental funds	$ 2,747,158,972

Note To Required Supplemental Information - Budgetary Reporting

For the Fiscal Year Ended June 30, 2016

The Budgetary Comparison Schedules present comparisons of the original and revised legally adopted budgets with actual data on a budgetary basis for major funds. The only major fund with a legally adopted budget is the General Fund. All other funds are budgeted together as "Other Budgeted Funds." A budgetary schedule has been done for these other funds because they include budgeted amounts for the Federal Fund and State Funds, which are major special revenue funds. These amounts are reported on the schedules entitled "Federal Funds" and "State Funds".

North Dakota's Appropriation Acts include a dual legal level of budgetary control - one at the General Fund versus Other Budget Income level for each agency and one at the line item level for each agency. Line items are not separate between General Fund and Other Budgeted Income so that control is not presented in our budgetary comparison schedule for major funds. The legal level of control for all agencies is reported in a publication titled "State of North Dakota 2015-2017 Biennium Budget and Actual Detail (Budgetary Basis) For the Fiscal Year Ended June 30, 2016." This budget information is available through the Office of Management and Budget, 600 East Boulevard Ave Dept. 110, Bismarck, ND 58505. For the 2015-2017 biennium there were general, federal, and special fund supplemental appropriations of $315,102,202.

The Budgetary Comparison Schedule reports expenditures on a budgetary basis. The accounting principles applied for purposes of developing data on a budgetary basis differ from those used to present the financial statements in accordance with GAAP. Reconciliations of the three for the Fiscal Year ended June 30, 2016, for the General Fund, Federal Fund, and State Fund is on the previous pages.

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
North Dakota Public Employee Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	54.824190%	$ 365,845	$ 494,732	$ 1,300,271	73.97%	77.70%
2015	55.154588%	348,760	477,406	1,258,398	73.05%	78.17%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
North Dakota Public Employee Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	$ 39,895	$ (40,330)	$ (435)	$ 557,750	7.15%
2015	37,076	(37,571)	(495)	494,732	7.59%

*Complete data for this schedule is not available prior to 2015.

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	100.00%	$ 13,436	$ 10,146	$ 66,676	132.44%	83.23%
2015	100.00%	9,766	9,348	65,667	104.47%	87.05%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	$ 2,127	$ (2,127)	$ -	$ 10,799	19.70%
2015	2,002	(2,002)	-	10,146	19.73%

*Complete data for this schedule is not available prior to 2015.

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	100.00%	$ (32,893)	$ 674	$ 96,283	(4,881.44)%	151.89%
2015	100.00%	(32,650)	753	97,697	(4,336.02)%	150.20%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	$ -	$ -	$ -	$ 674	0.00%
2015	-	-	-	753	0.00%

*Complete data for this schedule is not available prior to 2015.

Required Supplementary Information
Schedule of State's Share of Net Pension Liability
North Dakota Teachers' Fund for Retirement
Last 10 Fiscal Years*
(Dollars in thousands)

	Employer's proportion of the net pension liability (asset)	Employer's proportionate share of the net pension liability (asset)	Employer's covered-employee payroll	Plan fiduciary net position	Employer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.678409%	$ 8,873	$ 4,173	$ 14,531	212.63%	62.10%
2015	0.616525%	6,460	3,576	12,891	180.64%	66.60%

*Complete data for this schedule is not available prior to 2015. Amounts presented for each fiscal year have a measurement date of the previous fiscal year end.

Required Supplementary Information
Schedule of State's Contributions
North Dakota Teachers' Fund for Retirement
Last 10 Fiscal Years*
(Dollars in thousands)

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered-employee payroll	Contributions as a percentage of covered-employee payroll
2016	$ 528	$ (528)	$ -	$ 4,143	12.75%
2015	532	(532)	-	4,173	12.75%

*Complete data for this schedule is not available prior to 2015.

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Dakota Public Employee Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	2016	2015	2014
Total pension liability (asset)			
Service cost	$ 126,444	$ 104,158	$ 94,611
Interest	243,285	236,420	218,719
Change of benefit terms	-	2	-
Difference between expected and actual experience	15,915	4,396	25,783
Changes of assumptions	108,139	(76,152)	-
Benefit payments, including refund of employee contributions	(149,664)	(134,930)	(119,886)
Net change in total pension liability (asset)	344,119	133,894	219,227
Total pension liability (asset) - beginning	3,052,446	2,918,552	2,699,325
Total pension liability (asset) - ending (a)	$ 3,396,565	$ 3,052,446	$ 2,918,552
Plan fiduciary net position			
Contributions - employer	$ 77,080	$ 70,842	$ 61,661
Contributions - employee	74,219	68,392	59,394
Contributions - service credit repurchase	9,179	6,652	8,325
Contributions - other	-	-	-
Net investment income	11,334	81,537	316,630
Transfers from other plans	23,575		
Benefit payments, including refund of employee contributions	(149,664)	(134,930)	(119,886)
Administrative expense	(2,538)	(2,365)	(2,211)
Net change in plan fiduciary net position	43,185	90,128	323,913
Plan fiduciary net position - beginning	2,371,711	2,281,583	1,957,670
Plan fiduciary net position - ending (b)	$ 2,414,896	$ 2,371,711	$ 2,281,583
Net pension liability (asset) - ending (a) - (b)	$ 981,669	$ 680,735	$ 636,969
Plan fiduciary net position as a percentage of the total pension liability (asset)	71.10%	77.70%	78.18%
Covered employee payroll	$ 1,048,548	$ 973,536	$ 888,452
Plan net pension liability (asset) as a percentage of covered employee payroll	93.62%	69.92%	71.69%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.

Benefit Changes: New employer contribution rates were adopted beginning July 1, 2016 for members of the BCI plan, which are a part of the Law Enforcement System. Those changes are reflected in the results for June 30, 2015.

New employer and member contribution rates were adopted beginning August 1, 2015 for members of the National Guard system who were transferred to the Law Enforcement System. Those changes are reflected in the results for June 30, 2015.

New employer and member contribution rates were adopted beginning January 1, 2014 for PERS. Those changes are reflected in the results for June 30, 2014 and after.

Changes of Assumptions: The actuarial assumptions used in the July 1, 2016 and 2015 valuation were based on the results of an experience study for the period July 1, 2009 to June 30, 2014.

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Dakota Highway Patrolmen's Retirement System
Last 10 Fiscal Years*
(Dollars in thousands)

	2016	2015	2014
Total pension liability (asset)			
Service cost	$ 2,226	$ 2,038	$ 1,894
Interest	6,311	6,008	5,750
Change of benefit terms	-	-	-
Difference between expected and actual experience	40	984	(300)
Changes of assumptions	3,946	395	-
Benefit payments, including refund of employee contributions	(4,713)	(4,746)	(3,784)
Net change in total pension liability (asset)	7,810	4,679	3,560
Total pension liability (asset) - beginning	80,112	75,433	71,873
Total pension liability (asset) - ending (a)	$ 87,922	$ 80,112	$ 75,433
Plan fiduciary net position			
Contributions - employer	$ 2,127	$ 2,002	$ 1,865
Contributions - employee	1,436	1,352	1,243
Contributions - service credit repurchase	-	97	87
Contributions - other	-	-	-
Net investment income	317	2,335	9,240
Benefit payments, including refund of employee contributions	(4,713)	(4,746)	(3,784)
Administrative expense	(32)	(31)	(28)
Net change in plan fiduciary net position	(865)	1,009	8,623
Plan fiduciary net position - beginning	66,676	65,667	57,044
Plan fiduciary net position - ending (b)	$ 65,811	$ 66,676	$ 65,667
Net pension liability (asset) - ending (a) - (b)	$ 22,111	$ 13,436	$ 9,766
Plan fiduciary net position as a percentage of the total pension liability (asset)	74.85%	83.23%	87.05%
Covered employee payroll	$ 10,527	$ 10,146	$ 9,348
Plan net pension liability (asset) as a percentage of covered employee payroll	210.04%	132.44%	104.47%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.

Benefit Changes: New employer and member contribution rates were adopted beginning January 1, 2014 for PERS. Those changes are reflected in the results for June 30, 2014 and after.

Changes of Assumptions: The actuarial assumptions used in the July 1, 2016 and 2015 valuation were based on the results of an experience study for the period July 1, 2009 to June 30, 2014.

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
Retirement Plan for the Employees of Job Service North Dakota
Last 10 Fiscal Years*
(Dollars in thousands)

	2016	2015	2014
Total pension liability (asset)			
Service cost	$ 71	$ 128	$ 88
Interest	4,281	5,026	5,107
Change of benefit terms	-	-	-
Difference between expected and actual experience	(2,007)	(1,806)	(1,607)
Changes of assumptions	70	(310)	-
Benefit payments, including refund of employee contributions	(4,601)	(4,694)	(4,595)
Net change in total pension liability (asset)	(2,186)	(1,656)	(1,007)
Total pension liability (asset) - beginning	63,390	65,046	66,053
Total pension liability (asset) - ending (a)	$ 61,204	$ 63,390	$ 65,046
Plan fiduciary net position			
Contributions - employer	$ -	$ -	$ -
Contributions - employee	44	50	56
Contributions - service credit repurchase	-	-	-
Contributions - other	-	-	-
Net investment income	4,840	3,260	11,888
Benefit payments, including refund of employee contributions	(4,601)	(4,694)	(4,595)
Administrative expense	(32)	(30)	(31)
Net change in plan fiduciary net position	251	(1,414)	7,318
Plan fiduciary net position - beginning	96,283	97,697	90,379
Plan fiduciary net position - ending (b)	$ 96,534	$ 96,283	$ 97,697
Net pension liability (asset) - ending (a) - (b)	$ (35,330)	$ (32,893)	$ (32,651)
Plan fiduciary net position as a percentage of the total pension liability (asset)	157.72%	151.89%	150.20%
Covered employee payroll	$ 567	$ 791	$ 843
Plan net pension liability (asset) as a percentage of covered employee payroll	-6256.45%	-4160.24%	-3874.93%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.

Benefit Changes: There were no changes made in the plan provisions since the valuation.

Changes of Assumptions: There were no changes made in the plan provisions since the prior Valuation Changes of Assumptions: The actuarial assumptions used in the July 1, 2016 and 2015 valuation were based on the results of an experience study for the period July 1, 2009 to June 30, 2014.

Required Supplementary Information
Schedule of Changes in Net Pension Liability and Related Ratios
North Dakota Teachers' Fund for Retirement
Last 10 Fiscal Years*
(Dollars in thousands)

	2016	2015	2014
Total pension liability (asset)			
Service cost	$ 68,239	$ 60,618	$ 56,752
Interest	265,440	249,064	237,821
Change of benefit terms	-	-	-
Difference between expected and actual experience	(8,093)	2,209	9,347
Changes of assumptions	-	171,325	-
Benefit payments, including refund of employee contributions	(185,969)	(172,239)	(162,259)
Net change in total pension liability (asset)	139,617	310,977	141,661
Total pension liability (asset) - beginning	3,449,777	3,138,800	2,997,139
Total pension liability (asset) - ending (a)	$ 3,589,394	$ 3,449,777	$ 3,138,800
Plan fiduciary net position			
Contributions - employer	$ 82,840	$ 78,422	$ 62,355
Contributions - employee	76,343	72,268	56,555
Contributions - service credit repurchase	2,768	1,601	2,034
Contributions - other	45	172	48
Net investment income	8,239	73,205	294,246
Benefit payments, including refund of employee contributions	(185,969)	(172,239)	(162,259)
Administrative expense	(1,852)	(1,923)	(1,586)
Net change in plan fiduciary net position	(17,586)	51,506	251,393
Plan fiduciary net position - beginning**	2,141,921	2,090,415	1,839,584
Plan fiduciary net position - ending (b)	$ 2,124,335	$ 2,141,921	$ 2,090,977
Net pension liability (asset) - ending (a) - (b)	$ 1,465,059	$ 1,307,856	$ 1,047,823
Plan fiduciary net position as a percentage of the total pension liability (asset)	59.20%	62.10%	66.60%
Covered employee payroll	$ 649,725	$ 615,105	$ 580,053
Plan net pension liability (asset) as a percentage of covered employee payroll	225.50%	212.60%	180.60%

Notes to Schedule:

*Complete data for this schedule is not available prior to 2014.
**Restated in 2015 due to GASB 68 implementation.

Changes of Assumptions: In 2015, amounts reported as changes of assumptions resulted primarily from a decrease in the investment return assumption from 8% to 7.75% and an updated mortality improvement scale.

Required Supplementary Information
Schedule of Employer Contributions
Last 10 Fiscal Years*
(Dollars in thousands)

NDPERS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 124,336	$ 107,514	$ 107,864	$ 97,985	$ 91,458	$ 82,910	$ 54,158	$ 40,327	$ 35,875	$ 38,185
Contributions in relation to the actuarially determined contribution	77,081	70,843	61,661	48,847	38,006	32,278	30,253	27,705	25,254	23,141
Contribution deficiency (excess)	$ 47,255	$ 36,671	$ 46,203	$ 49,138	$ 53,452	$ 50,632	$ 23,905	$ 12,622	$ 10,621	$ 15,044
Covered-employee payroll	1,048,548	973,536	888,452	800,878	804,169	769,710	697,737	640,685	582,287	547,006
Contributions as a percentage of covered-employee payroll	7.35%	7.28%	6.94%	6.10%	4.73%	4.19%	4.34%	4.32%	4.34%	4.23%

HPRS

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 2,307	$ 2,201	$ 2,348	$ 2,191	$ 2,171	$ 1,744	$ 1,313	$ 1,026	$ 924	$ 1,083
Contributions in relation to the actuarially determined contribution	2,127	2,002	1,865	1,586	1,423	1,286	1,197	1,123	1,059	960
Contribution deficiency (excess)	$ 180	$ 199	$ 483	$ 605	$ 748	$ 458	$ 116	$ (97)	$ (135)	$ 123
Covered-employee payroll	10,527	10,146	9,348	8,167	8,002	7,738	7,009	6,509	6,129	5,688
Contributions as a percentage of covered-employee payroll	20.21%	19.73%	19.95%	19.42%	17.78%	16.62%	17.08%	17.25%	17.28%	16.88%

JSND

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	565	791	843	1,011	1,163	1,266	1,487	1,613	1,843	1,923
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Required Supplementary Information
Schedule of Employer Contributions
Last 10 Fiscal Years*
(Dollars in thousands)

TFFR

	2015	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 84,724	$ 71,168	$ 59,530	$ 52,396	$ 69,374	$ 65,113	$ 52,053	$ 41,986	$ 44,115	$ 50,532
Contributions in relation to the actuarially determined contribution	82,840	78,422	62,355	59,301	46,126	44,545	39,837	37,488	33,684	31,865
Contribution deficiency (excess)	$ 1,884	$ (7,254)	$ (2,825)	$ (6,905)	$ 23,248	$ 20,568	$ 12,216	$ 4,498	$ 10,431	$ 18,667
Covered-employee payroll	649,725	615,105	580,053	551,656	527,156	509,091	482,868	454,396	434,626	411,167
Contributions as a percentage of covered-employee payroll	12.75%	12.75%	10.75%	10.75%	8.75%	8.75%	8.25%	8.25%	7.75%	7.75%

Required Supplementary Information
Information About the State's Pension Benefit Plans
For the Fiscal Year Ended June 30, 2016

Schedule of Employer Contributions

Valuation date: Actuarial determined contribution rates are calculated as of June 30, 12 months prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contributions rates:

PERS and HPRS:

Actuarial Cost Method	Entry Age Normal Method. Entry Age is the age at the time the participant commenced employment. Normal Cost and Actuarial Accrued Liability are calculated on an individual basis and are allocated by salary.
Amortization Method	Level percent of payroll, Open Period.
Remaining Amortization Period	20 years open, assuming 4.50% (4.00% for Judges) of payroll growth per annum
Asset Valuation Method	Adjusted fair value that immediately recognized interest and dividends. The procedure recognizes 20% of each year's total appreciation (depreciation) beginning with the year of occurrence. After five years, the appreciation (depreciation) is fully recognized.

JSND:

Actuarial cost method	Frozen Initial Liability Cost Method. The "annual contribution" under this method is the normal cost plus the payment required to amortize the unfunded initial actuarial accrued liability over a selected period of years. The normal cost is determined by calculating the total value of all future benefits, subtracting the outstanding balance (if any) of the unfunded initial actuarial accrued liability, subtracting the actuarial value of assets, and determining payments (not less than zero) that are a level percent of pay over the future working lifetime of all participants. In the absence of an unfunded initial actuarial accrued liability, the Frozen Initial Liability Actuarial Cost Method is the same as the Aggregate Cost Method. The plan has assets in excess of the present value of future benefits. Therefore, no contribution is being made.
Asset valuation method	Adjusted market value that immediately recognizes interest and dividends. The procedure recognizes 20% of each year's total appreciation (depreciation) beginning with the year of occurrence. After five years, the appreciation (depreciation) is fully recognized.

TFFR:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization Period	27 years
Asset valuation method	5-year smoothed market
Inflation	2.75%; decreased from 3% prior to July 1, 2015.
Salary increases	4.25% - 14.5%, including inflation and productivity; 4.5% - 14.75% prior to July 1, 2015.
Investment rate of return	7.75%, net of investment expenses, including inflation. Rate was decreased from 8% beginning July 1, 2015.

Required Supplementary Information
Information About the State's Pension Benefit Plans
For the Fiscal Year Ended June 30, 2016

Retirement age	In the 2015 valuation, rates of retirement were changed to better reflect anticipated future experience. In the 2010 valuation, expected retirement ages of plan members were adjusted to more closely reflect actual experience.
Mortality	In the 2015 valuation, assumed life expectancies were adjusted as a result of adopting the RP-2014 mortality tables with generational improvement. In prior years, those assumptions were based on percentages of GRS post termination non-disabled tables and RP-2000 disabled-life tables.

Schedule of Investment Returns

	2016	2015	2014	2013
Public Employees Retirement System	0.49%	3.61%	16.29%	13.52%
Highway Patrolmen's Retirement System	0.48%	3.66%	16.20%	13.38%
Job Service North Dakota	5.14%	3.41%	13.46%	12.07%
Teachers' Fund for Retirement	0.39%	3.56%	16.35%	13.60%

This schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Combining Financial Statements

Permanent Fund

A permanent fund is used to report resources that are legally restricted to the extent than only earnings, and not principal, may be used to for the benefit of the government or its citizens.

956-Coal Development Permanent Fund
The Coal Development Fund reports resources that are constitutionally committed for distribution to other state funds and for making loans to energy impacted entities and school districts.

Capital Projects Funds

A capital projects fund is used to account for the acquisition and construction of major capital facilities other than those financed by proprietary funds and trust funds.

BUILDING AUTHORITY

960 - Building Authority Capital Projects Fund
Account for the acquisition or construction of buildings primarily for use by the State and making any improvements connected to those buildings.

Debt Service Funds

A debt service fund is used to account for accumulation for resources for, and the payment of, principal and interest on long-term debt.

BUILDING AUTHORITY

919 - Building Authority Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the North Dakota Building Authority.

DEPARTMENT OF TRANSPORTATION

949 - Department of Transportation Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the Department of Transportation.

WATER COMMISSION

962 - Water Commission Debt Service Fund
Account for accumulation of resources for, and the payment of, principal and interest on bonds issued by the State Water Commission.

STATE OF NORTH DAKOTA

Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Perm Fund	Debt Service Funds			
	Coal Development Trust Fund	Building Authority	Dept. of Trans.	Total	Total Nonmajor Governmental Funds
ASSETS					
Cash Deposits at the Bank of ND	$ 239,375	$ 1,781,000	$ 84,974	$ 1,865,974	$ 2,105,349
Investments at the Bank of ND	-	5,975,000	-	5,975,000	5,975,000
Investments	12,165,669	-	-	-	12,165,669
Taxes Receivable - Net	263,161	-	-	-	263,161
Interest Receivable - Net	88,483	-	-	-	88,483
Due from Other Funds	-	4,000	-	4,000	4,000
Loans and Notes Receivable - Net	56,828,270	-	-	-	56,828,270
Total Assets	69,584,958	7,760,000	84,974	7,844,974	77,429,932
DEFERRED OUTFLOWS OF RESOURCES					
Total Deferred Outflows of Resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	$ 69,584,958	$ 7,760,000	$ 84,974	$ 7,844,974	$ 77,429,932
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	$ 3,737	$ -	$ -	$ -	$ 3,737
Securities Lending Collateral	1,027,109	-	-	-	1,027,109
Due to Other Funds	349,931	-	-	-	349,931
Total Liabilities	1,380,777	-	-	-	1,380,777
DEFERRED INFLOWS OF RESOURCES					
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances:					
Nonspendable	67,997,836	-	-	-	67,997,836
Restricted	-	7,760,000	84,974	7,844,974	7,844,974
Committed	206,345	-	-	-	206,345
Total Fund Balances	68,204,181	7,760,000	84,974	7,844,974	76,049,155
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 69,584,958	$ 7,760,000	$ 84,974	$ 7,844,974	$ 77,429,932

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2016

	Perm Fund	Debt Service Funds				Capital Proj. Fund	
	Coal Development Trust Fund	Building Authority	Dept. of Trans.	Water Comm.	Total	Building Authority	Total Nonmajor Governmental Funds
REVENUES							
Oil, Gas, and Coal Taxes	3,131,146	-	-	-	-	-	3,131,146
Intergovernmental	-	-	4,301,834	-	4,301,834	-	4,301,834
Interest and Investment Income	854,555	57,000	262	647	57,909	86,000	998,464
Total Revenues	3,985,701	57,000	4,302,096	647	4,359,743	86,000	8,431,444
EXPENDITURES							
Current:							
General Government	16,261	-	-	-	-	-	16,261
Debt Service:							
Principal	-	6,375,000	4,165,000	52,525,000	63,065,000	-	63,065,000
Interest and Other Charges	-	1,876,000	1,153,701	1,309,439	4,339,140	-	4,339,140
Total Expenditures	16,261	8,251,000	5,318,701	53,834,439	67,404,140	-	67,420,401
Revenues over (under) Expenditures	3,969,440	(8,194,000)	(1,016,605)	(53,833,792)	(63,044,397)	86,000	(58,988,957)
OTHER FINANCING SOURCES (USES)							
Transfers In	-	9,868,000	1,016,602	45,840,221	56,724,823	-	56,724,823
Transfers Out	(3,136,599)	-	-	-	-	(2,227,000)	(5,363,599)
Total Other Financing Sources (Uses)	(3,136,599)	9,868,000	1,016,602	45,840,221	56,724,823	(2,227,000)	51,361,224
Net Change in Fund Balances	832,841	1,674,000	(3)	(7,993,571)	(6,319,574)	(2,141,000)	(7,627,733)
Fund Balances - Beginning of Year	67,371,340	6,086,000	84,977	7,993,571	14,164,548	2,141,000	83,676,888
Fund Balances - End of Year	$ 68,204,181	$ 7,760,000	$ 84,974	$ -	$ 7,844,974	$ -	$ 76,049,155

Nonmajor Enterprise Funds

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises—where the intent of the State is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the State has decided that periodic determination of net income is appropriate for accountability purposes.

Bank Of North Dakota
934 – Infrastructure Revolving Loan Fund
Fund used to provide loans to political subdivisions for essential infrastructure projects.

954 - Addiction Counselor Internship Loan Program
Fund used to provide loans to qualified individuals participating in a paid or unpaid internship at a licensed substance abuse treatment facility in North Dakota in order to obtain licensure as an addiction counselor.

984 – Medical Facility Infrastructure Loan Program
Fund used to make loans to medical facilities to conduct construction that improves the health care infrastructure in the state or improves access to existing nonprofit health care providers in the state.

985 – Rebuilders Loan Program
Fund used to make loans to North Dakota 2011 flood-damaged homeowners to provide financial assistance needed to repair their home.

BEGINNING FARMER REVOLVING LOAN
973 - Beginning Farmer Revolving Loan Fund
Fund used to make loans to North Dakota beginning farmers for the purchase of agricultural real estate.

BONDING
210 (924) - State Bonding Fund
Fund used to maintain the bonding of public employees and officials of the state, county, city or other unit of local government.

COMMUNITY WATER FACILITY LOAN
974 - Community Water Facility Loan Fund
Accounts for supplementary financing in conjunction with federal moneys available to improve adequate water supplies.

FIRE AND TORNADO
211 (923) - State Fire and Tornado Fund
Accounts for state agencies and political subdivisions to insure against loss to the public buildings, fixtures and permanent contents therein, through fire, lightning, windstorm, etc.

GUARANTEED STUDENT LOAN
969 - North Dakota Guaranteed Student Loan
Accounts for the revenues and expenses associated with the administration, development and operation of the guaranteed loan program.

HIT PLANNING LOAN FUND
987 – HIT Planning Loan Fund
Fund to provide low-interest loans to health care entities to improve health information technology infrastructure.

INFORMATION TECHNOLOGY DEPARTMENT
408 (903) - Edutech Fund
Fund used for professional development sessions and presentations by the Information and Technology Department.

MILL AND ELEVATOR
970 – Mill and Elevator
Accounts for revenues and expenditures associated with the operation of the Mill and Elevator.

PERS UNIFORM GROUP INSURANCE
980 - Public Employees Retirement System Group Insurance
Accounts for the administrative revenues and expenses associated with this insurance purchasing pool.

ROUGHRIDER INDUSTRIES
926 - Roughrider Industries
Accounts for the revenues and expenses associated with the operation, manufacture and sale of products made by the prison inmates.

STATE FAIR
601 (977) - State Fair
Accounts for revenues and expenditures associated with the operation of the State Fair.

STATE LOTTERY FUND
966 (292) - State Lottery Fund
Accounts for operations of the North Dakota lottery.

STUDENT LOAN
975 - North Dakota Student Loan Trust
Accounts for loans to students in post secondary education. The trust acquires eligible loans guaranteed or insured by the United States government or the North Dakota Guaranteed Student Loan Program.

UNEMPLOYMENT COMPENSATION FUND
967 - Job Service-Expendable Trust Fund
Accounts for State unemployment taxes collected from employers for the purpose of paying unemployment benefits.

STATE OF NORTH DAKOTA

Combining Statement of Net Position
Nonmajor Enterprise Funds
June 30, 2016

	Addiction Counselor Internship Loan	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund	Infrastructure Revolving Loan Fund
ASSETS									
Current Assets:									
Cash Deposits at the Bank of ND	$ 148,074	$ 4,446,000	$ 123,807	$ 14,549,000	$ 631,363	$ 322,926	$ 27,066,129	$ -	$ 50,009,000
Cash and Cash Equivalents	-	-	1,482,077	-	-	2,413,138	-	-	-
Investments at the Bank of ND	-	-	-	-	-	-	6,500,000	-	-
Investments	-	-	1,806,613	-	-	21,822,517	-	-	-
Accounts Receivable - Net	-	-	194,423	-	10,340	93,153	18,066	-	-
Interest Receivable - Net	902	-	25,138	274,000	-	139,678	-	5,676	-
Intergovernmental Receivable - Net	-	-	-	-	-	-	4,450,732	-	-
Due from Other Funds	-	-	-	-	-	-	950,917	-	-
Due from Fiduciary Funds	-	-	-	-	-	-	-	-	-
Prepaid Items	-	2,043,000	-	-	-	257,972	-	-	-
Inventory	-	-	-	-	-	-	-	-	-
Loans and Notes Receivable - Net	2,906	-	-	679,000	-	-	-	1,234,035	-
Other Assets	-	-	-	-	-	-	-	-	-
Restricted Cash at the Bank of ND	-	-	-	-	-	-	3,694,953	1,151,885	-
Restricted Investments at the Bank of ND	-	-	-	-	-	-	2,000,000	-	-
Total Current Assets	151,882	6,489,000	3,632,058	15,502,000	641,703	25,049,384	44,680,797	2,391,596	50,009,000
Noncurrent Assets:									
Loans and Notes Receivable - Net	46,494	-	-	18,239,000	-	-	-	6,815,326	-
Restricted Loans Receivable - Net	-	-	-	-	-	-	-	-	-
Other Noncurrent Assets	-	3,754,000	-	-	-	-	-	-	-
Capital Assets:									
Nondepreciable	-	-	-	-	-	-	-	-	-
Depreciable, Net	-	-	-	-	-	-	-	-	-
Total Noncurrent Assets	46,494	3,754,000	-	18,239,000	-	-	-	6,815,326	-
Total Assets	198,376	10,243,000	3,632,058	33,741,000	641,703	25,049,384	44,680,797	9,206,922	50,009,000
DEFERRED OUTFLOWS OF RESOURCES									
Decrease in Fair Value of Hedging Derivatives	-	-	-	-	-	-	-	-	-
Derived from Pensions	-	-	1,442	-	-	39,209	-	-	-
Total Deferred Outflows of Resources	-	-	1,442	-	-	39,209	-	-	-
LIABILITIES									
Current Liabilities:									
Accounts Payable	-	-	6,242	-	2,912	3,194	174,108	10,304	-
Accrued Payroll	-	-	1,723	-	-	45,663	-	-	-
Securities Lending Collateral	-	-	17,459	-	-	284,132	-	-	-
Interest Payable	-	-	863	-	-	17,858	-	-	-
Intergovernmental Payable	-	-	-	-	-	-	12,043,185	-	-
Due to Other Funds	-	-	20	24,000	32	42,249	2,478,100	-	-
Due to Fiduciary Funds	-	-	-	-	-	-	-	-	-
Contracts Payable	-	-	-	-	-	-	-	-	-
Amounts Held in Custody for Others	-	-	-	-	-	-	-	-	-
Claims/Judgments Payable	-	-	103,868	-	-	2,181,328	-	-	-
Compensated Absences Payable	-	-	119	-	-	2,328	-	-	-
Bonds Payable	-	-	-	-	-	-	-	-	-
Unearned Revenue	-	-	-	-	-	-	-	-	-
Other Current Liabilities	-	-	-	-	-	44,877	-	-	-
Total Current Liabilities	-	-	130,294	24,000	2,944	2,621,629	14,695,393	10,304	-
Noncurrent Liabilities:									
Compensated Absences Payable	-	-	2,262	-	-	44,254	-	-	-
Bonds Payable	-	-	-	-	-	-	-	-	-
Financial Derivative Instrument	-	-	-	-	-	-	-	-	-
Net Pension Liability	-	-	7,045	-	-	271,684	-	-	-
Other Noncurrent Liabilities	-	-	-	-	-	-	15,833,000	-	-
Total Noncurrent Liabilities	-	-	9,307	-	-	315,938	15,833,000	-	-
Total Liabilities	-	-	139,601	24,000	2,944	2,937,567	30,528,393	10,304	-
DEFERRED INFLOWS OF RESOURCES									
Derived from Pensions	-	-	803	-	-	30,424	-	-	-
Total Deferred Inflows of Resources	-	-	803	-	-	30,424	-	-	-
Net Position									
Net Investment in Capital Assets	-	-	-	-	-	-	-	-	-
Restricted for:									
Debt Service	-	-	-	-	-	-	-	-	-
Loan Purposes	-	-	-	-	-	-	582,147	-	-
Unemployment Compensation	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Unrestricted	198,376	10,243,000	3,493,096	33,717,000	638,759	22,120,602	13,570,257	9,196,618	50,009,000
Total Net Position	198,376	10,243,000	3,493,096	33,717,000	638,759	22,120,602	14,152,404	9,196,618	50,009,000

Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ 7,622,000	$ 226	$ 8,022,149	$ 606,136	$ 7,862,385	$ 5,522,423	$ 10,829,814	$ 456,000	$ 32,363	$ 138,249,795
-	-	6,412,506	-	500	-	231,669	-	63,282,412	73,822,302
24,850,000	-	-	-	-	-	-	10,936,000	-	42,286,000
-	-	33,598,449	-	-	-	-	-	-	57,227,579
-	38,456,880	318,497	-	497,940	118,893	406,204	-	44,874,262	84,988,658
62,000	-	-	46,623	-	-	-	150,000	403,776	1,107,793
-	-	-	-	-	-	-	20,000	2,833,138	7,303,870
-	-	-	-	114,335	-	-	8,000	450	1,073,702
-	-	13,325	-	-	-	-	-	-	13,325
-	742,065	-	-	10,842	52,847	28,892	-	-	3,135,618
-	22,632,769	-	-	2,095,285	-	-	-	-	24,728,054
651,000	-	-	2,007,033	-	-	-	3,922,000	-	8,495,974
-	-	-	-	21,969	-	-	-	-	21,969
-	-	-	-	-	-	-	-	-	4,846,838
-	-	-	-	-	-	-	500,000	-	2,500,000
33,185,000	61,831,940	48,364,926	2,659,792	10,603,256	5,694,163	11,496,579	15,992,000	111,426,401	449,801,477
16,737,000	-	-	32,081,053	-	-	-	13,828,000	-	87,746,873
-	-	-	-	-	-	-	1,000,000	-	1,000,000
-	435,716	-	-	-	-	1,026,897	-	-	5,216,613
-	30,980,290	-	-	-	393,816	-	-	-	31,374,106
-	42,726,502	1,277,270	-	1,498,455	27,907,670	9,450	-	-	73,419,347
16,737,000	74,142,508	1,277,270	32,081,053	1,498,455	28,301,486	1,036,347	14,828,000	-	198,756,939
49,922,000	135,974,448	49,642,196	34,740,845	12,101,711	33,995,649	12,532,926	30,820,000	111,426,401	648,558,416
-	149,387	-	-	-	-	-	-	-	149,387
-	1,115,035	-	-	132,358	152,090	54,672	-	-	1,494,806
-	1,264,422	-	-	132,358	152,090	54,672	-	-	1,644,193
-	15,897,743	3,666,888	9,805	320,721	45,092	1,055,707	6,000	4,261,845	25,460,561
-	427,434	76,910	-	127,621	-	71,100	-	-	750,451
-	-	-	-	-	-	-	-	-	301,591
-	-	-	-	55	-	-	1,000	-	19,776
-	-	-	-	-	-	-	-	5,007,760	17,050,945
22,000	24,901,725	11,318	34,568,900	22,208	-	9,710,212	2,582,000	274,094	74,636,858
-	-	360,379	-	-	-	-	-	-	360,379
-	-	-	-	-	81,504	-	-	-	81,504
-	-	5,515,692	-	-	-	-	-	-	5,515,692
-	-	-	-	-	-	-	-	-	2,285,196
-	63,567	7,102	-	-	65,000	-	-	-	138,116
-	-	-	-	-	110,000	-	-	-	110,000
-	-	-	-	72,439	-	308,048	-	-	380,487
-	-	-	-	-	-	-	-	-	44,877
22,000	41,290,469	9,638,289	34,578,705	543,044	301,596	11,145,067	2,589,000	9,543,699	127,136,433
-	943,836	90,450	-	-	18,910	62,259	-	-	1,161,971
-	-	-	-	-	1,968,574	-	1,000,000	-	2,968,574
-	149,387	-	-	-	-	-	-	-	149,387
-	5,901,783	-	-	1,035,900	699,082	427,838	-	-	8,343,332
-	-	-	-	-	-	-	-	-	15,833,000
-	6,995,006	90,450	-	1,035,900	2,686,566	490,097	1,000,000	-	28,456,264
22,000	48,285,475	9,728,739	34,578,705	1,578,944	2,988,162	11,635,164	3,589,000	9,543,699	155,592,697
-	673,042	-	-	192,919	136,464	50,322	-	-	1,083,974
-	673,042	-	-	192,919	136,464	50,322	-	-	1,083,974
-	73,706,792	1,277,270	-	1,498,455	26,222,912	9,450	-	-	102,714,879
-	-	-	-	-	-	-	397,000	-	397,000
-	-	-	-	-	-	-	-	-	582,147
-	-	-	-	-	-	-	-	101,882,702	101,882,702
-	-	6,000,000	-	-	-	1,026,897	-	-	7,026,897
49,900,000	14,573,561	32,636,187	162,140	8,963,751	4,800,201	(134,235)	26,834,000	-	280,922,313
49,900,000	88,280,353	39,913,457	162,140	10,462,206	31,023,113	902,112	27,231,000	101,882,702	493,525,938

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Addiction Counselor Internship Loan	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund
OPERATING REVENUES								
Sales and Services	$ -	$ -	$ 53,265	$ -	$ 225,805	$ 2,187,349	$ 10,444,122	$ -
Royalties and Rents	-	-	-	-	-	-	-	-
Interest and Investment Income	902	-	-	526,000	-	-	-	85,025
Miscellaneous	-	-	-	-	-	-	-	-
Total Operating Revenues	902	-	53,265	526,000	225,805	2,187,349	10,444,122	85,025
OPERATING EXPENSES								
Cost of Sales and Services	-	-	-	-	-	-	-	-
Salaries and Benefits	-	-	20,243	-	-	494,110	-	-
Operating	2,600	1,981,000	42,362	92,000	197,177	451,690	14,123,406	41,085
Claims	-	-	26,429	-	-	2,968,073	-	-
Interest	-	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-	-
Miscellaneous	-	5,000	-	-	-	-	-	-
Total Operating Expenses	2,600	1,986,000	89,034	92,000	197,177	3,913,873	14,123,406	41,085
Operating Income (Loss)	(1,698)	(1,986,000)	(35,769)	434,000	28,628	(1,726,524)	(3,679,284)	43,940
NONOPERATING REVENUES (EXPENSES)								
Grants and Contracts	-	-	-	-	-	-	-	-
Interest and Investment Income	74	2,000	119,998	7,000	-	720,868	74,807	-
Interest Expense	-	-	(3,616)	-	-	(46,813)	-	-
Loss on Sale of Capital Assets	-	-	-	-	-	-	-	-
Other	-	47,000	-	-	-	-	-	-
Total Nonoperating Revenues (Expenses)	74	49,000	116,382	7,000	-	674,055	74,807	-
Income (Loss) Before Contributions and Transfers	(1,624)	(1,937,000)	80,613	441,000	28,628	(1,052,469)	(3,604,477)	43,940
Transfers In	200,000	2,800,000	-	5,000,000	-	-	5,000,000	-
Transfer Out	-	(108,000)	-	-	-	-	-	-
Change in Net Position	198,376	755,000	80,613	5,441,000	28,628	(1,052,469)	1,395,523	43,940
Total Net Position - Beginning of Year		9,488,000	3,412,483	28,276,000	610,131	23,173,071	12,756,881	9,152,678
Total Net Position - End of Year	$ 198,376	$ 10,243,000	$ 3,493,096	$ 33,717,000	$ 638,759	$ 22,120,602	$ 14,152,404	$ 9,196,618

Infrastructure Revolving Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ -	$ -	$ 216,123,342	$ 336,027,000	$ -	$ 11,322,940	$ 7,534,717	$ 35,736,460	$ -	$ 147,802,377	$ 767,457,377
-	-	-	-	-	163,419	-	-	-	-	163,419
-	134,000	-	-	404,929	-	-	-	618,000	-	1,768,856
-	-	-	38,850	-	102,646	-	-	-	-	141,496
-	134,000	216,123,342	336,065,850	404,929	11,589,005	7,534,717	35,736,460	618,000	147,802,377	769,531,148
-	-	182,404,194	-	-	5,191,080	-	-	-	-	187,595,274
-	-	14,264,026	858,704	-	1,993,142	1,833,741	830,172	-	-	20,294,138
-	237,000	5,997,041	339,032,432	304,251	793,051	5,963,484	25,203,093	412,000	-	394,873,672
-	-	-	-	-	-	-	-	-	225,358,209	228,352,711
-	-	-	-	-	-	-	-	10,000	-	10,000
-	-	3,842,757	290,112	-	203,021	1,516,979	4,968	-	-	5,857,837
-	-	-	-	-	-	-	-	-	-	5,000
-	237,000	206,508,018	340,181,248	304,251	8,180,294	9,314,204	26,038,233	422,000	225,358,209	836,988,632
-	(103,000)	9,615,324	(4,115,398)	100,678	3,408,711	(1,779,487)	9,698,227	196,000	(77,555,832)	(67,457,484)
-	-	-	-	-	-	1,026,155	-	-	-	1,026,155
9,000	112,000	2,217	616,312	188	-	2,778	2,992	21,000	2,678,317	4,369,551
-	-	(301,000)	-	-	-	(41,944)	(201)	-	-	(393,574)
-	-	-	-	-	-	(125,004)	-	-	-	(125,004)
-	-	20,077	(255,000)	(114,488)	-	(120,403)	-	-	-	(422,814)
9,000	112,000	(278,706)	361,312	(114,300)	-	741,582	2,791	21,000	2,678,317	4,454,314
9,000	9,000	9,336,618	(3,754,086)	(13,622)	3,408,711	(1,037,905)	9,701,018	217,000	(74,877,515)	(63,003,170)
50,000,000	49,891,000	-	-	-	-	747,815	-	-	-	113,638,815
-	-	(4,944,656)	-	-	-	-	(10,322,500)	(7,657,000)	-	(23,032,156)
50,009,000	49,900,000	4,391,962	(3,754,086)	(13,622)	3,408,711	(290,090)	(621,482)	(7,440,000)	(74,877,515)	27,603,489
-	-	83,888,391	43,667,543	175,762	7,053,495	31,313,203	1,523,594	34,671,000	176,760,217	465,922,449
$ 50,009,000	$ 49,900,000	$ 88,280,353	$ 39,913,457	$ 162,140	$ 10,462,206	$ 31,023,113	$ 902,112	$ 27,231,000	$ 101,882,702	$ 493,525,938

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2016

	Addiction Counselor Internship Loan Program	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund
Cash Flows from Operating Activities:								
Receipts from Customers and Users	$ -	$ -	$ 31,404	$ -	$ 243,458	$ 2,154,277	$ 8,929,015	$ -
Interest Income on Loans	-	-	-	-	-	-	-	84,041
Receipts from Loan Principal Repayments	-	-	-	-	-	-	17,971,476	1,190,223
Receipts from Other Funds	-	-	-	-	-	31,488	-	-
Receipts from Others	-	-	7	-	-	-	-	-
Payments to Other Funds	-	-	-	-	-	-	-	-
Payments for Loan Funds	-	-	-	-	-	-	(20,458,877)	(1,452,923)
Payments to Suppliers	-	(2,144,000)	(7,465)	(88,000)	(232,908)	(327,084)	(2,992,034)	(41,019)
Payments to Employees	-	-	(20,016)	-	-	(515,479)	-	-
Claim Payments	-	-	(51,275)	-	-	(1,304,919)	-	-
Payments to Others	-	(5,000)	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Operating Activities	-	(2,149,000)	(47,345)	(88,000)	10,550	38,283	3,449,580	(219,678)
Cash Flows from Noncapital Financing Activities								
Proceeds from Sale of Notes and Other Borrowings	-	-	-	-	-	-	-	-
Principal Payments - Notes and Other Borrowings	-	-	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-	-	-
Interest Payments - Notes and Other Borrowings	-	-	-	-	-	-	-	-
Transfers In	200,000	2,800,000	-	5,000,000	-	-	5,000,000	-
Transfers Out	-	(108,000)	-	-	-	-	-	-
Principal Payments on Due To Other Funds	-	-	-	-	-	-	-	-
Grants Received	-	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Noncapital Financing Activities	200,000	2,692,000	-	5,000,000	-	-	5,000,000	-
Cash Flows from Capital and Related Financing Activities								
Acquisition and Construction of Capital Assets	-	-	-	-	-	-	-	-
Proceeds (Loss) on Sale of Capital Assets	-	-	-	-	-	-	-	-
Proceeds from Bonds	-	-	-	-	-	-	-	-
Principal Payments - Bonds	-	-	-	-	-	-	-	-
Interest Payments - Bonds	-	-	-	-	-	-	-	-
Premium Received on Bonds	-	-	-	-	-	-	-	-
Payment of Bond Issue Costs	-	-	-	-	-	-	-	-
Capital Appropriations	-	-	-	-	-	-	-	-
Net Cash Provided by (Used for) Capital and Related Financing Activities	-	-	-	-	-	-	-	-
Cash Flows from Investing Activities:								
Proceeds from Sale and Maturities of Investment Securities	-	-	-	-	-	-	13,000,000	-
Purchase of Investment Securities	-	-	(10,243)	-	-	(522,426)	-	-
Net Increase In Investments	-	-	-	-	-	-	-	-
Interest and Dividends on Investments	74	2,000	58,474	7,000	-	604,461	108,280	-
Disbursements for Loans and Loan Purchases	(52,000)	-	-	(4,888,000)	-	-	-	-
Receipt of Loan Principal Repayments	-	-	-	1,248,000	-	-	-	-
Proceeds from Collection of Loans and Notes Receivable	-	-	-	-	-	-	-	-
Loan Income Received	-	47,000	-	460,000	-	-	-	-
Net Cash Provided by (Used for) Investing Activities	(51,926)	49,000	48,231	(3,173,000)	-	82,035	13,108,280	-
Net Change in Cash:								
Net Increase (Decrease) in Cash and Cash Equivalents	148,074	592,000	886	1,739,000	10,550	120,318	21,557,860	(219,678)
Cash and Cash Equivalents at June 30, 2015	-	3,854,000	1,604,998	12,810,000	620,813	2,615,746	9,203,222	1,371,563
Cash and Cash Equivalents at June 30, 2016	$ 148,074	$ 4,446,000	$ 1,605,884	$ 14,549,000	$ 631,363	$ 2,736,064	$ 30,761,082	$ 1,151,885
Reconciliation:								
Current:								
Cash Deposits at the Bank of North Dakota	$ 148,074	$ 4,446,000	$ 123,807	$ 14,549,000	$ 631,363	$ 322,926	$ 27,066,129	$ -
Cash and Cash Equivalents	-	-	1,482,077	-	-	2,413,138	-	-
Restricted Cash Deposits at the Bank of North Dakota	-	-	-	-	-	-	3,694,953	1,151,885
Cash and Cash Equivalents	$ 148,074	$ 4,446,000	$ 1,605,884	$ 14,549,000	$ 631,363	$ 2,736,064	$ 30,761,082	$ 1,151,885

(Continued on Next Page)

Infrastructure Revolving Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ -	$ -	$ 272,199,723	$ 336,568,361	$ -	$ 11,512,084	$ 7,710,782	$ 27,228,706	$ 4,586,000	$ 136,718,044	$ 807,881,854
-	-	-	-	-	-	-	-	-	-	84,041
-	-	-	-	-	-	-	-	-	-	19,161,699
-	-	-	-	-	210,993	-	-	-	-	242,481
-	-	-	-	-	-	-	103,396	-	378,333	481,736
-	-	-	-	(210,289)	-	-	-	-	-	(210,289)
-	-	-	-	-	-	-	-	-	-	(21,911,800)
-	-	(239,781,614)	(335,528,649)	-	(6,194,961)	(5,559,609)	(16,142,767)	(417,000)	(23,750,479)	(633,207,589)
-	-	(14,764,676)	(843,706)	-	(2,160,795)	(1,846,617)	(849,849)	-	(2,001,471)	(23,002,609)
-	-	-	-	-	-	-	-	-	(203,094,518)	(204,450,712)
-	-	-	-	(238,973)	-	-	-	-	(643,645)	(887,618)
-	(54,000)	-	38,850	-	-	-	-	-	-	(15,150)
-	(54,000)	17,653,433	234,856	(449,262)	3,367,321	304,556	10,339,486	4,169,000	(92,393,736)	(55,833,956)
-	-	20,000,000	-	-	-	-	600,000	-	-	20,600,000
-	-	(9,000,000)	-	-	-	-	(600,000)	-	-	(9,600,000)
-	-	-	-	-	-	-	-	(10,000)	-	(10,000)
-	-	(359,939)	-	-	-	-	(201)	-	-	(360,140)
50,000,000	-	-	-	-	-	285,000	-	-	-	63,285,000
-	-	(4,285,298)	(255,000)	-	-	-	(6,842,500)	(5,161,000)	-	(16,651,798)
-	-		-	(4,215,840)	-	-	-	-	-	(4,215,840)
-	-	-	-	-	-	1,097,563	-	-	-	1,097,563
50,000,000	-	6,354,763	(255,000)	(4,215,840)	-	1,382,563	(6,842,701)	(5,171,000)	-	54,144,785
-	-	(24,917,974)	(24,352)	-	(52,893)	(4,625,772)	-	-	-	(29,620,991)
-	-	-	-	-	-	76,000	-	-	-	76,000
-	-	-	-	-	-	1,945,000	-	-	-	1,945,000
-	-	-	-	-	-	(35,000)	-	-	-	(35,000)
-	-	-	-	-	-	(41,944)	-	-	-	(41,944)
-	-	-	-	-	-	175,726	-	-	-	175,726
-	-	-	-	-	-	(127,555)	-	-	-	(127,555)
-	-		-	-	-	462,815	-	-	-	462,815
-	-	(24,917,974)	(24,352)	-	(52,893)	(2,170,730)	-	-	-	(27,165,949)
-	6,000,000	-	-	-	-	-	-	13,937,000	-	32,937,000
-	(12,452,000)	-	(33,598,449)	-	-	-	-	(12,513,000)	-	(59,096,118)
			616,312	-	-	-	-	-		616,312
9,000	126,000	2,217	-	188	-	2,778	2,559	20,000	3,226,200	4,169,231
-	(8,254,000)	-	-	-	-	-	-	-	-	(13,194,000)
-	-	-	-	-	-	-	-	-	-	1,248,000
-	471,000	-	-	4,145,612	-	-	-	-	-	4,616,612
-	131,000	-	-	448,771	-	-	-	-	-	1,086,771
9,000	(13,978,000)	2,217	(32,982,137)	4,594,571	-	2,778	2,559	1,444,000	3,226,200	(27,616,192)
50,009,000	(14,032,000)	(907,561)	(33,026,633)	(70,531)	3,314,428	(480,833)	3,499,344	442,000	(89,167,536)	(56,471,312)
-	21,654,000	907,787	47,461,288	676,667	4,548,457	6,003,256	7,562,139	14,000	152,482,311	273,390,247
$ 50,009,000	$ 7,622,000	$ 226	$ 14,434,655	$ 606,136	$ 7,862,885	$ 5,522,423	$ 11,061,483	$ 456,000	$ 63,314,775	$ 216,918,935
$ 50,009,000	$ 7,622,000	$ 226	$ 8,022,149	$ 606,136	$ 7,862,385	$ 5,522,423	$ 10,829,814	$ 456,000	$ 32,363	$ 138,249,795
-	-	-	6,412,506	-	500	-	231,669	-	63,282,412	73,822,302
-	-	-	-	-	-	-	-	-	-	4,846,838
$ 50,009,000	$ 7,622,000	$ 226	$ 14,434,655	$ 606,136	$ 7,862,885	$ 5,522,423	$ 11,061,483	$ 456,000	$ 63,314,775	$ 216,918,935

Combining Statement of Cash Flows
Nonmajor Enterprise Funds (Continued)
For the Fiscal Year Ended June 30, 2016

	Addiction Counselor Internship Loan Program	Beginning Farmer Revolving Loan	Bonding	Community Water Facility Loan	Edutech	Fire and Tornado	Guaranteed Student Loan	HIT Planning Loan Fund
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used for) Operating Activities:								
Operating Income (Loss)	$ (1,698)	$ (1,986,000)	$ (35,769)	$ 434,000	$ 28,628	$ (1,726,524)	$ (3,679,284)	$ 43,940
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:								
Depreciation	-	-	-	-	-	-	-	-
Amortization\Accretion	-	-	-	-	-	-	-	-
Reclassification of Interest Revenue\Expense	-	-	-	(526,000)	-	-	-	-
Interest Received on Program Loans	-	-	-	-	-	-	-	-
Receipt of Loan Principal Repayments	-	-	-	-	-	-	-	-
Provision for Losses	2,600	-	-	-	-	-	8,131,886	-
Other	-	-	-	-	-	-	(20,358)	-
Deferred Outflows	-	-	(526)	-	-	(4,422)	-	-
Deferred Inflows	-	-	(517)	-	-	(24,662)	-	-
Change in Assets and Liabilities:								
(Increase) Decrease in Accounts Receivable	-	-	6,927	-	17,653	(33,072)	108,228	-
(Increase) Decrease in Interest Receivable	(902)	-	-	-	-	-	-	(984)
(Increase) Decrease in Due From	-	-	-	-	-	-	-	-
(Increase) Decrease in Intergovernmental Receivable	-	-	-	-	-	-	(149,841)	-
(Increase) Decrease in Notes Receivable	-	-	-	-	-	-	-	(262,700)
(Increase) Decrease in Prepaid Items	-	(163,000)	-	-	-	3,071	-	-
(Increase) Decrease in Inventories	-	-	-	-	-	-	-	-
(Increase) Decrease in Other Assets	-	-	-	-	-	-	-	-
Increase (Decrease) in Accounts Payable	-	-	6,109	-	(31,602)	(3,520)	(506,640)	66
Increase (Decrease) in Claims\Judgments Payable	-	-	(24,846)	-	-	1,743,332	-	-
Increase (Decrease) in Intergovernmental Payable	-	-	7	-	-	-	(432,752)	-
Increase (Decrease) in Accrued Payroll	-	-	687	-	-	8,438	-	-
Increase in Compensated Absences Payable	-	-	209	-	-	9,073	-	-
Increase (Decrease) in Amounts Held for Others	-	-	-	-	-	-	-	-
Increase (Decrease) in Due To	-	-	-	4,000	(4,129)	31,488	(1,659)	-
Increase (Decrease) in Unavailable Revenue	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Pension Liability	-	-	374	-	-	(9,796)	-	-
Increase (Decrease) in Other Liabilities	-	-	-	-	-	44,877	-	-
Total Adjustments	1,698	(163,000)	(11,576)	(522,000)	(18,078)	1,764,807	7,128,864	(263,618)
Net Cash Provided by (Used for) Operating Activities	$ -	$ (2,149,000)	$ (47,345)	$ (88,000)	$ 10,550	$ 38,283	$ 3,449,580	$ (219,678)
Noncash Transactions:								
Net Change in Fair Value of Investments	$ -	$ -	$ 57,404	$ -	$ -	$ 66,346	$ -	$ -
Interest Revenue on Prize Reserves	-	-	-	-	-	-	-	-
Value Received on Trade of Capital Asset	-	-	-	-	-	-	-	-
Total Noncash Transactions	$ -	$ -	$ 57,404	$ -	$ -	$ 66,346	$ -	$ -

Infrastructure Revolving Loan Fund	Medical Facility Infrastructure Loan Fund	Mill and Elevator	PERS Uniform Group Insurance	Rebuilders Loan Program	Roughrider Industries	State Fair	State Lottery Fund	Student Loan	Unemployment Compensation	Total
$ -	$ (103,000)	$ 9,615,324	$ (4,115,398)	$ 100,678	$ 3,408,711	$ (1,779,487)	$ 9,698,227	$ 196,000	$ (77,555,832)	$ (67,457,484)
-	-	3,842,757	-	-	203,021	1,516,979	4,968	-	-	5,567,725
-	-	-	290,112	-	-	-	-	-	-	290,112
-	(134,000)	-	-	(404,929)	-	-	-	9,000	-	(1,055,929)
-	-	-	-	-	-	-	-	35,000	-	35,000
-	-	-	-	-	-	-	-	3,935,000	-	3,935,000
-	165,000	-	-	(113,683)	-	(49,500)	-	12,000	-	8,148,303
-	-	79,016	-	-	-	-	-	-	-	58,658
-	-	(630,801)	-	-	3,733	(152,090)	(1,221)	-	-	(785,327)
-	-	-	-	-	(11,547)	136,464	(31,208)	-	-	68,530
-	-	(1,516,693)	496,021	-	22,288	225,565	359,272	-	(13,378,804)	(13,692,615)
-	-	-	-	-	-	-	-	-	-	(1,886)
-	-	-	5,704	-	188,785	-	-	-	(389)	194,100
-	-	-	-	-	-	-	-	-	1,275,331	1,125,490
-	-	-	-	-	-	-	-	-	-	(262,700)
-	-	162,021	207	-	1,682	(24,204)	(28,892)	-	-	(49,115)
-	-	6,645,896	-	-	(330,236)	-	-	-	-	6,315,660
-	-	(53,181)	-	-	(8,239)	-	103,766	-	-	42,346
-	-	(767,680)	3,486,243	(31,328)	125,963	(264,452)	334,072	-	244,989	2,592,220
-	-	-	-	-	-	-	-	-	-	1,718,486
-	-	-	1,497	-	-	-	-	-	(308,932)	(740,180)
-	-	(537,200)	3,868	-	(21,448)	-	2,794	-	-	(542,861)
-	-	32,908	11,130	-	(126,836)	(3,801)	(213)	-	-	(77,530)
-	-	-	56,532	-	-	-	-	-	-	56,532
-	18,000	-	(1,060)	-	22,208	-	116,404	(18,000)	(2,670,099)	(2,502,847)
-	-	-	-	-	(99,209)	-	-	-	-	(99,209)
-	-	634,443	-	-	(11,555)	699,082	10,171	-	-	1,322,719
-	-	146,623	-	-	-	-	(228,654)	-	-	(37,154)
-	49,000	8,038,109	4,350,254	(549,940)	(41,390)	2,084,043	641,259	3,973,000	(14,837,904)	11,623,528
$ -	$ (54,000)	$ 17,653,433	$ 234,856	$ (449,262)	$ 3,367,321	$ 304,556	$ 10,339,486	$ 4,169,000	$ (92,393,736)	$ (55,833,956)
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 123,750
-	-	-	-	-	-	-	370	-	-	370
-	-	-	-	-	-	14,212	-	-	-	14,212
$ -	$ -	$ -	$ -	$ -	$ -	$ 14,212	$ 370	$ -	$ -	$ 138,332

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the State and to other government units, on a cost reimbursement basis.

790 (927) - Central Services
Accounts for the revenues and expenditures associated with central printing and office supply services to state agencies and the Legislative Assembly; a surplus property program for the acquisition, distribution, and disposition of federal and state surplus property and procurement services for all state agencies not exempt by statute.

700 (918) - Fleet Services
Accounts for costs of operating and maintaining State-owned vehicles. Costs are billed to user agencies and include depreciation on equipment.

780 (929) - Information Technology Department
Accounts used for the procurement and maintenance of data processing equipment and supplies and telecommunications equipment and supplies to provide data processing and telecommunications services to state departments and agencies.

288\275 (912) - Risk Management Fund
Fund provides insurance coverage and loss prevention to all state agencies and the University System for tort liability and employee injury claims. Coverage is provided using an optional combination of self-insurance and private excess insurance.

STATE OF NORTH DAKOTA

Combining Statement of Net Position
Internal Service Funds
June 30, 2016

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
ASSETS					
Current Assets:					
Cash Deposits at the Bank of ND	$ 1,715,355	$ 1,568,433	$ 8,978,764	$ 1,301,951	$ 13,564,503
Cash and Cash Equivalents	5,234	-	-	2,284	7,518
Investments	-	-	-	11,675,004	11,675,004
Accounts Receivable - Net	18,772	27,666	129,806	-	176,244
Interest Receivable - Net	-	-	-	49,912	49,912
Intergovernmental Receivable - Net	66,165	-	162,707	-	228,872
Due from Other Funds	153,979	1,349,661	5,203,834	14,130	6,721,604
Prepaid Items	34,864	22,687	5,562,948	-	5,620,499
Inventory	119,829	-	-	-	119,829
Total Current Assets	2,114,198	2,968,447	20,038,059	13,043,281	38,163,985
Noncurrent Assets:					
Capital Assets:					
Depreciable, Net	236,685	89,058,947	10,889,999	-	100,185,631
Total Noncurrent Assets	236,685	89,058,947	10,889,999	-	100,185,631
Total Assets	2,350,883	92,027,394	30,928,058	13,043,281	138,349,616
DEFERRED OUTFLOWS OF RESOURCES					
Derived from Pensions	71,946	144,323	1,747,456	36,368	2,000,093
Total Deferred Outflow of Resources	71,946	144,323	1,747,456	36,368	2,000,093
LIABILITIES					
Current Liabilities:					
Accounts Payable	102,102	1,058,355	788,328	5,033	1,953,818
Accrued Payroll	90,711	187,444	2,278,376	42,527	2,599,058
Securities Lending Collateral	-	-	-	165,908	165,908
Interest Payable	-	-	-	9,624	9,624
Intergovernmental Payable	102	-	-	-	102
Due to Other Funds	24,055	1,607,193	6,580	18,878	1,656,706
Claims/Judgments Payable	-	-	-	1,870,374	1,870,374
Compensated Absences Payable	3,745	4,855	163,612	3,649	175,861
Capital Leases Payable	25,081	-	-	-	25,081
Total Current Liabilities	245,796	2,857,847	3,236,896	2,115,993	8,456,532
Noncurrent Liabilities:					
Claims/Judgments Payable	-	-	-	8,715,335	8,715,335
Compensated Absences Payable	71,155	61,016	2,056,362	45,869	2,234,402
Capital Leases Payable	37,616	-	-	-	37,616
Net Pension Liability	468,069	1,116,969	13,868,170	184,817	15,638,025
Total Noncurrent Liabilities	576,840	1,177,985	15,924,532	8,946,021	26,625,378
Total Liabilities	822,636	4,035,832	19,161,428	11,062,014	35,081,910
DEFERRED INFLOWS OF RESOURCES					
Derived from Pensions	52,172	158,764	2,023,212	63,341	2,297,489
Total Deferred Inflow of Resources	52,172	158,764	2,023,212	63,341	2,297,489
NET POSITION					
Net Investment in Capital Assets	173,988	89,058,947	10,890,000	-	100,122,935
Unrestricted	1,374,033	(1,081,826)	600,874	1,954,294	2,847,375
Total Net Position	$ 1,548,021	$ 87,977,121	$ 11,490,874	$ 1,954,294	$ 102,970,310

STATE OF NORTH DAKOTA

Combining Statement of Revenues, Expenses and Changes in Fund Net Position
Internal Service Funds
For the Fiscal Year Ended June 30, 2016

	Central Services	Fleet Services	Information Technology Department	Risk Management	Total
OPERATING REVENUES					
Sales and Services	$ 2,628,355	$ 29,811,751	$ 62,982,462	$ 4,618,392	$ 100,040,960
Miscellaneous	-	40,139	-	-	40,139
Total Operating Revenues	2,628,355	29,851,890	62,982,462	4,618,392	100,081,099
OPERATING EXPENSES					
Cost of Sales and Services	1,110,606	-	-	-	1,110,606
Salaries and Benefits	997,559	3,414,501	27,092,480	544,075	32,048,615
Operating	464,014	12,895,733	23,662,595	607,332	37,629,674
Claims	-	-	-	7,610,747	7,610,747
Depreciation	42,841	9,270,464	6,407,558	-	15,720,863
Total Operating Expenses	2,615,020	25,580,698	57,162,633	8,762,154	94,120,505
Operating Income (Loss)	13,335	4,271,192	5,819,829	(4,143,762)	5,960,594
NONOPERATING REVENUES (EXPENSES)					
Interest and Investment Income	-	-	-	551,552	551,552
Interest Expense	(2,192)	-	-	(24,045)	(26,237)
Gain (Loss) on Sale of Capital Assets	-	263,304	(48,961)	-	214,343
Other	3,582	-	-	-	3,582
Total Nonoperating Revenues (Expenses)	1,390	263,304	(48,961)	527,507	743,240
Income (Loss) Before Contributions and Transfers	14,725	4,534,496	5,770,868	(3,616,255)	6,703,834
Capital Grants and Contributions	-	87,473	-	-	87,473
Transfers In	-	959,500	-	-	959,500
Changes in Net Position	14,725	5,581,469	5,770,868	(3,616,255)	7,750,807
Total Net Position - Beginning of Year	1,533,296	82,395,652	5,720,006	5,570,549	95,219,503
Total Net Position - End of Year	$ 1,548,021	$ 87,977,121	$ 11,490,874	$ 1,954,294	$ 102,970,310

STATE OF NORTH DAKOTA

Combining Statement of Cash Flows
Internal Service Funds
For the Fiscal Year Ended June 30, 2016

	Central Services	Fleet Services	Information Technology	Risk Management	Total
Cash Flows from Operating Activities:					
Receipts from Customers and Users	$ 937,164	$ 279,940	$ 2,267,973	$ 1,828,469	$ 5,313,546
Receipts from Other Funds	1,727,415	30,147,727	62,994,496	2,788,733	97,658,371
Payments to Other Funds	-	(53,960)	-	(4,144,026)	(4,197,986)
Payments to Suppliers	(1,598,479)	(13,638,502)	(30,496,579)	(607,178)	(46,340,738)
Payments to Employees	(1,032,978)	(3,339,115)	(26,332,364)	(505,928)	(31,210,385)
Claim Payments	-	-	-	(568,159)	(568,159)
Other	3,583	-	-	-	3,583
Net Cash Provided by (Used for) Operating Activities	36,705	13,396,090	8,433,526	(1,208,089)	20,658,232
Cash Flows from Noncapital Financing Activities:					
Transfers In	-	959,500	-	-	959,500
Advances Made to Other Funds	-	(1,500,000)	-	-	(1,500,000)
Net Cash Provided by (Used for) Noncapital Financing Activities	-	(540,500)	-	-	(540,500)
Cash Flows from Capital and Related Financing Activities:					
Acquisition and Construction of Capital Assets	(10,297)	(16,244,870)	(4,239,567)	-	(20,494,734)
Proceeds from Sale of Capital Assets	-	3,808,616	-	-	3,808,616
Payment on Capital Leases	(16,287)	-	-	-	(16,287)
Interest Payments - Capital Leases	(1,135)	-	-	-	(1,135)
Net Cash Provided by (Used for) Capital and Related Financing Activities	(27,719)	(12,436,254)	(4,239,567)	-	(16,703,540)
Cash Flows from Investing Activities:					
Proceeds from Sale and Maturities of Investment Securities	-	-	-	1,132,758	1,132,758
Interest and Dividends on Investments	-	-	-	385,103	385,103
Net Cash Provided by (Used for) Investing Activities	-	-	-	1,517,861	1,517,861
Net Change in Cash:					
Net Increase (Decrease) in Cash and Cash Equivalents	8,986	419,336	4,193,959	309,772	4,932,053
Cash and Cash Equivalents at June 30, 2015	1,711,603	1,149,097	4,784,805	994,463	8,639,968
Cash and Cash Equivalents at June 30, 2016	$ 1,720,589	$ 1,568,433	$ 8,978,764	$ 1,304,235	$ 13,572,021
Reconciliation:					
Cash Deposits at the Bank of North Dakota	$ 1,715,355	$ 1,568,433	$ 8,978,764	$ 1,301,951	$ 13,564,503
Cash and Cash Equivalents	5,234	-	-	2,284	7,518
Cash and Cash Equivalents	$ 1,720,589	$ 1,568,433	$ 8,978,764	$ 1,304,235	$ 13,572,021
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:					
Operating Income (Loss)	$ 13,335	$ 4,271,192	$ 5,819,829	$ (4,143,762)	$ 5,960,594
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:					
Depreciation	42,841	9,270,464	6,407,558	-	15,720,863
Other	6,489	-	-	-	6,489
Deferred Outflows	(13,877)	(7,439)	(35,908)	(13,366)	(70,590)
Deferred Inflows	(34,567)	(38,056)	(492,828)	29,024	(536,427)
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(11,692)	28,822	(5,969)	-	11,161
(Increase) Decrease in Due From	25,999	-	1,662,619	(1,190)	1,687,428
(Increase) Decrease in Intergovernmental Receivable	20,226	533,657	623,358	-	1,177,241
(Increase) Decrease in Prepaid Items	3,135	57,399	(3,983,443)	-	(3,922,909)
(Increase) Decrease in Inventories	(26,393)	-	-	-	(26,393)
Increase (Decrease) in Accounts Payable	(40,069)	(786,869)	(2,829,812)	141	(3,656,609)
Increase (Decrease) in Claims/Judgments Payable	-	-	-	2,888,829	2,888,829
Increase (Decrease) in Intergovernmental Payable	102	(53,960)	-	-	(53,858)
Increase (Decrease) in Accrued Payroll	9,860	8,614	166,469	1,532	186,475
Increase (Decrease) in Compensated Absences Payable	209	3,553	143,494	11,343	158,599
Increase (Decrease) in Due To	17,389	-	(20,730)	9,855	6,514
Increase (Decrease) In Net Pension Liability	23,718	108,713	978,889	9,505	1,120,825
Total Adjustments	23,370	9,124,898	2,613,697	2,935,673	14,697,638
Net Cash Provided by (Used for) Operating Activities	$ 36,705	$ 13,396,090	$ 8,433,526	$ (1,208,089)	$ 20,658,232
Noncash Transactions:					
Net Change in Fair Value of Investments	$ -	$ -	$ -	$ 141,256	$ 141,256
Acquisition of Equipment Under Capital Lease	45,171	-	-	-	45,171
Increase in Securities Lending Collateral	-	-	-	165,908	165,908
Total Noncash Transactions	$ 45,171	$ -	$ -	$ 307,164	$ 352,335

Fiduciary Funds

Fiduciary funds account for assets held by the State in a trustee capacity or as an agent for individuals, private organizations, and/or other governmental organizations.

Pension and Other Employee-Related Benefit Trust Funds

DEFERRED COMPENSATION

981 - Deferred Compensation Fund
Accounts for the activity of the deferred compensation plan adopted under the provisions of Internal Revenue Service Code, Section 457, for State employees.

PERS FLEXCOMP

932 - Flex Program
Accounts for pre-tax premium conversions, a medical spending account and a dependent care spending account according to Section 125 of the Internal Revenue Code.

HIGHWAY PATROLMEN'S RETIREMENT

982 - Highway Patrolmen's Retirement Fund
A single employer defined benefit pension plan covering officers of the State Highway Patrol.

JOB SERVICE RETIREMENT

920 - Job Service Retirement Fund
A single employer defined benefit pension plan for Job Service employees. Participation in this plan is limited to employees participating in the program as of September 30, 1980.

PREFUNDED RETIREE HEALTH PROGRAM

933 - Prefunded Retiree Health Program
Members receiving retirement benefits from NDPERS receive a credit toward their monthly health insurance premium under the state health plan.

PUBLIC EMPLOYEES' RETIREMENT

470 (983) - Public Employees Retirement System
Accounts for the financial resources associated with the Public Employees Retirement System.

DEFINED CONTRIBUTION RETIREMENT

930 - Defined Contribution Retirement Plan
Accounts for the financial resources of the Defined Contribution Retirement Plan. Participation in this plan is limited to state employees who are in positions not classified by the Central Personnel Division and who are not employees of the judicial branch or board of higher education.

TEACHERS' RETIREMENT

964 - North Dakota Teachers' Fund For Retirement
Accounts for the financial resources of the Teachers' Retirement Fund.

Investment Trust Funds

911 - ND Association of Counties RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the North Dakota Association of Counties.

913 - City of Bismarck RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Bismarck.

936 - City of Grand Forks RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Grand Forks.

950 - City of Fargo RIO Investments
Account for the investment assets held by the State Investment Board in a trustee capacity as an agent for the City of Fargo.

Private Purpose Trust Funds

STUDENT AND CULTURAL DONATIONS

928 - Indian Cultural Education Trust Fund
Trust accounts for donations provided for the purpose of generating income to benefit Indian Culture.

937 - Department of Public Instruction Thordarson Scholarship Trust Fund
Fund used to provide scholarship grants to students enrolled in courses offered by the independent study division.

988 - School for the Deaf Scholarship Trust Fund
Account for funds donated to provide scholarships to deaf students.

989 - School for the Deaf Student Trust Funds
Accounts for funds donated to the School for the Deaf for the benefit of the students.

COLLEGE SAVE

940 - College SAVE
Program established by the State of North Dakota to encourage the investment of funds to be used for qualified higher education expenses at institutions of higher education.

MANDAN REMEDIATION TRUST

943 - Mandan Remediation Trust
Accounts for the funds obtained from a lawsuit settlement for the remediation efforts of the North Dakota Health Department and the City of Mandan.

Agency Funds

BONDING

402 - Sales and Use Tax Deposit Fund
Accounts for cash received in lieu of a surety bond for sales tax permit holders.

403 - Motor Fuel Cash Bond Deposit Fund
Accounts for cash received in lieu of a surety bond for motor vehicle fuel dealers.

939 - Public Service Commission Trustee Account
Accounts for savings certificates posted in lieu of performance bonds for surface mining activities and grain elevator insolvency cases.

942 - Agriculture Cash and Investment
Accounts for securities or bonds in lieu of a surety bond relating to the operation of livestock dealers, auction markets and dairy plants.

944 - Cash Bonds
Accounts for the financial resources for the plugging of abandoned oil and gas wells and the reclamation of abandoned oil and gas well sites.

945 - Insurance Company Deposits
Accounts for securities of domestic insurance companies required by the NDCC to keep on deposit with the Insurance Commissioner securities in a value equal to the policies they have in force.

947 - District Court Bond Fund
Accounts for bail bonds posted for civil and criminal court cases.

PAYROLL

461 - OMB Unemployment/Payroll Clearing Fund
Accounts for employers and employees payroll taxes and other deductions such as, insurance and credit union deductions, etc.

CHILD SUPPORT

463 - Child Support Disbursement Unit Fund
Accounts for all child support payments received by the state disbursement unit.

STUDENT AND OTHER

406 - Drivers License Trust Fund
Accounts for cash received from a motor vehicle operator involved in an accident and has no automobile liability policy and the driver was negligent.

946 - District Court Collection Fund
Accounts for collections for third parties.

986 - Developmental Center Residents' Funds
Accounts for funds belonging to patients of the State Developmental Center.

990 - Veteran's Home-Custodial
Accounts for resident's personal funds.

991 - State Hospital Patients
Accounts for patient's personal funds.

992 - Prisoner Accounts
Accounts for prisoner's personal fund.

993 - Youth Correctional Center Student Accounts
Account for the student's personal funds.

994 - School for the Deaf Students
Account for the students personal funds.

TAX COLLECTION

434 - City Lodging Tax Suspense
Accounts for city lodging tax collected by the State Tax Commissioner.

435 - City Sales Tax Suspense
Accounts for city sales and use taxes collected by the State Tax Commission.

437 - City Motor Vehicle Rental Tax
Accounts for city motor vehicle rental tax collected by the state tax commissioner.

438 - City Restaurant and Lodge Tax Suspense
A city tax, at a rate not to exceed one percent, upon the gross receipts of retailers on the leasing or renting of hotel, motel, or tourist court accommodations within the city and gross receipts of a restaurant from any sales of prepared food or beverages, not including alcoholic beverages for consumption off the premises where purchased is collected by the State Tax Commissioner. Proceeds, net of a 3% administrative fee which is deposited into the general fund, are remitted quarterly to each city collecting the tax.

Combining Statement of Fiduciary Net Position
Pension, Investment and Private-Purpose Trust Funds
June 30, 2016

	Pension and Other Employee Benefit Trust Funds					
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp	Prefunded Retiree Health Program
ASSETS						
Cash Deposits at the Bank of ND	$ 200,201	$ 145,918	$ -	$ 424	$ 712,448	$ 489,785
Cash and Cash Equivalents	-	-	-	-	-	-
Receivables:						
Contributions Receivable	663,800	81,589	560	3,296	503,767	962,713
Accounts Receivable - Net	-	-	-	-	-	-
Interest Receivable - Net	-	-	158,350	163	-	97,862
Due from Other Funds	-	-	-	-	1,120	359,594
Due from Fiduciary Funds	29,073	292	25,479	-	382	14,004
Total Receivables	692,873	81,881	184,389	3,459	505,269	1,434,173
Investments, at Fair Value:						
Investments at the Bank of ND	-	-	-	-	-	-
Equity Pool	-	-	-	39,637,397	-	59,903,215
Fixed Income Pool	1,411,041	463,659	-	56,950,773	-	41,622,146
Cash and Cash Pool	639,964	55,008	38,990,589	-	-	-
Real Estate Pool	-	-	-	-	-	-
Alternative Investments	-	-	26,635,759	-	-	-
Annuities	116,397	-	-	-	-	-
Mutual Funds	75,705,779	10,405,678	-	-	-	-
Total Investments	77,873,181	10,924,345	65,626,348	96,588,170	-	101,525,361
Invested Securities Lending Collateral	-	-	660,777	-	-	-
Inventory	-	-	-	-	-	-
Prepaid Items	-	-	-	-	-	-
Capital Assets (Net of Depreciation)	851,514	11,562	15,163	9,893	425,757	162,495
Other Assets	-	-	-	-	-	-
Total Assets	79,617,769	11,163,706	66,486,677	96,601,946	1,643,474	103,611,814
DEFERRED OUTFLOWS OF RESOURCES						
Derived from Pensions	-	-	-	-	-	-
Total deferred outflows of resources	-	-	-	-	-	-
LIABILITIES						
Accounts Payable	25,285	8	559	65,187	20,147	367,190
Accrued Payroll	44,164	-	-	-	21,802	-
Securities Lending Collateral	-	-	660,777	-	-	-
Due to Other Funds	5,539	333	-	-	3,807	-
Due to Fiduciary Funds	13,292	10,655	14,004	2,805	-	312,007
Amounts Held in Custody for Others	19,176	-	-	-	-	-
Compensated Absences Payable	42,110	-	-	-	26,443	-
Total Liabilities	149,566	10,996	675,340	67,992	72,199	679,197
DEFERRED INFLOWS OF RESOURCES						
Derived from Pensions	-	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-	-
NET POSITION						
Net Position Restricted for:						
Pension Benefits	79,468,203	11,152,710	65,811,337	96,533,954	-	102,932,617
Other Employee Benefits	-	-	-	-	1,571,275	-
External Investment Pool Participants	-	-	-	-	-	-
Other Purposes	-	-	-	-	-	-
Total Net Position Restricted for Pension Benefits and Other Purposes	79,468,203	11,152,710	65,811,337	96,533,954	1,571,275	102,932,617

(Continued on Next Page)

Pension and Other Employee Benefit Trust Funds			Investment Trust Funds				
Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
$ 9,317,857	$ 19,747,422	$ 30,614,055	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-	-	-
12,753,464	25,502,902	40,472,091	-	-	-	-	-
-	-	-	-	-	-	-	-
5,765,507	9,517,943	15,539,825	198,447	1,633	70,220	50,730	321,030
-	-	360,714	-	-	-	-	-
309,308	-	378,538	-	-	-	-	-
18,828,279	35,020,845	56,751,168	198,447	1,633	70,220	50,730	321,030
-	-	-	-	-	-	-	-
1,313,879,825	1,131,917,482	2,545,337,919	51,646,336	1,207,624	35,937,005	19,311,569	108,102,534
560,896,364	479,086,760	1,140,430,743	38,330,934	2,313,171	15,416,998	15,173,457	71,234,560
-	18,515,640	58,201,201	421,670	526,438	631,826	396,841	1,976,775
459,762,805	369,771,496	829,534,301	22,923,694	-	9,158,697	3,850,123	35,932,514
53,302,829	73,374,321	153,312,909	3,545,784	-	2,481,256	-	6,027,040
-	-	116,397	-	-	-	-	-
-	-	86,111,457	-	-	-	-	-
2,387,841,823	2,072,665,699	4,813,044,927	116,868,418	4,047,233	63,625,782	38,731,990	223,273,423
24,042,640	19,859,451	44,562,868	1,140,229	44,080	648,049	557,673	2,390,031
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
1,691,598	-	3,167,982	-	-	-	-	-
-	-	-	-	-	-	-	-
2,441,722,197	2,147,293,417	4,948,141,000	118,207,094	4,092,946	64,344,051	39,340,393	225,984,484
-	168,324	168,324	-	-	-	-	-
-	168,324	168,324	-	-	-	-	-
2,520,453	3,186,637	6,185,466	102,530	2,681	56,108	36,529	197,848
103,819	-	169,785	-	-	-	-	-
24,042,640	19,859,451	44,562,868	1,140,229	44,080	648,049	557,673	2,390,031
25,038	10,055	44,772	-	-	-	-	-
25,861	-	378,624	-	-	-	-	-
-	-	19,176	-	-	-	-	-
108,729	-	177,282	-	-	-	-	-
26,826,540	23,056,143	51,537,973	1,242,759	46,761	704,157	594,202	2,587,879
-	70,310	70,310	-	-	-	-	-
-	70,310	70,310	-	-	-	-	-
2,414,895,657	2,124,335,288	4,895,129,766	-	-	-	-	-
-	-	1,571,275	-	-	-	-	-
-	-	-	116,964,335	4,046,185	63,639,894	38,746,191	223,396,605
-	-	-	-	-	-	-	-
2,414,895,657	2,124,335,288	4,896,701,041	116,964,335	4,046,185	63,639,894	38,746,191	223,396,605

Combining Statement of Fiduciary Net Position
Pension, Investment and Private-Purpose Trust Funds (Continued)
June 30, 2016

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ASSETS				
Cash Deposits at the Bank of ND	$ 123,609	$ 6,659,595	$ -	$ 6,783,204
Cash and Cash Equivalents	12,854	1,580,528	516,988	2,110,370
Receivables:				
Contributions Receivable	-	-	-	-
Accounts Receivable - Net	-	-	71,947	71,947
Interest Receivable - Net	2,342	-	-	2,342
Due from Other Funds	13	-	-	13
Due from Fiduciary Funds	-	-	-	-
Total Receivables	2,355	-	71,947	74,302
Investments, at Fair Value:				
Investments at the Bank of ND	21,619	-	-	21,619
Equity Pool	-	-	-	-
Fixed Income Pool	1,170,703	-	-	1,170,703
Cash and Cash Pool	-	-	-	-
Real Estate Pool	-	-	-	-
Alternative Investments	-	-	-	-
Annuities	-	-	-	-
Mutual Funds	-	-	388,755,541	388,755,541
Total Investments	1,192,322	-	388,755,541	389,947,863
Invested Securities Lending Collateral	39,249	-	-	39,249
Inventory	-	-	-	-
Prepaid Items	-	-	-	-
Capital Assets (Net of Depreciation)	-	-	-	-
Other Assets	-	-	-	-
Total Assets	1,370,389	8,240,123	389,344,476	398,954,988
DEFERRED OUTFLOWS OF RESOURCES				
Derived from Pensions	-	-	-	-
Total deferred outflows of resources	-	-	-	-
LIABILITIES				
Accounts Payable	458	57,544	788,604	846,606
Accrued Payroll	-	-	-	-
Securities Lending Collateral	39,249	-	-	39,249
Due to Other Funds	-	-	-	-
Due to Fiduciary Funds	-	-	-	-
Amounts Held in Custody for Others	-	-	-	-
Compensated Absences Payable	-	-	-	-
Total Liabilities	39,707	57,544	788,604	885,855
DEFERRED INFLOWS OF RESOURCES				
Derived from Pensions	-	-	-	-
Total deferred inflows of resources	-	-	-	-
NET POSITION				
Net Position Restricted for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	1,330,682	8,182,579	388,555,872	398,069,133
	1,330,682	8,182,579	388,555,872	398,069,133

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Combining Statement of Changes in Fiduciary Net Position
Pension, Investment and Private-Purpose Trust Funds
For the Fiscal Year Ended June 30, 2016

	Pension and Other Employee Benefit Trust Funds				
	Deferred Compensation	Defined Contribution Retirement	Highway Patrolmen's Retirement	Job Service Retirement	PERS Flexcomp
ADDITIONS					
Contributions:					
Employer	$ -	$ 922,371	$ 2,127,355	$ -	$ -
Employee	8,893,268	867,076	1,436,236	44,178	5,670,342
From Participants	-	-	-	-	-
Transfers from Other Funds	581,080	143,649	-	-	1,080
Transfers from Other Plans	1,123,518	57,208	-	-	-
Donations	-	-	-	-	-
Total Contributions	10,597,866	1,990,304	3,563,591	44,178	5,671,422
Investment Income:					
Net Change in Fair Value of Investments	(4,732,529)	(3,635,672)	(1,073,991)	2,352,098	-
Interest and Dividends	4,348,980	1,648,218	1,583,045	2,650,945	575
Less Investment Expense	-	11,925	199,955	166,226	-
Net Investment Income	(383,549)	(1,999,379)	309,099	4,836,817	575
Securities Lending Activity:					
Securities Lending Income	-	-	7,859	3,516	-
Less Securities Lending Expense	-	-	-	-	-
Net Securities Lending Income	-	-	7,859	3,516	-
Repurchase Service Credit	-	-	-	-	-
Miscellaneous Income	255,000	12,075	5	-	681,806
Total Additions	10,469,317	3,000	3,880,554	4,884,511	6,353,803
DEDUCTIONS					
Benefits Paid to Participants	4,714,348	1,396,663	4,658,232	4,601,196	5,621,287
Refunds	-	-	55,263	-	-
Prefunded Credit Applied	-	-	-	-	-
Transfer to Other Plans	-	23,573,047	-	-	325,000
Payments in Accordance with Trust Agreements	-	-	-	-	-
Administrative Expenses	983,021	13,593	31,450	32,253	615,089
Total Deductions	5,697,369	24,983,303	4,744,945	4,633,449	6,561,376
Purchase (Redemption) of Units at Net Asset Value of $1.00 Per Unit	-	-	-	-	-
Change in Net Position Held in Trust for:					
Pension Benefits	4,771,948	(24,980,303)	(864,391)	251,062	-
Other Employee Benefits	-	-	-	-	(207,573)
External Investment Pool Participants	-	-	-	-	-
Other Purposes	-	-	-	-	-
Net Position - Beginning of Year	74,696,255	36,133,013	66,675,728	96,282,892	1,778,848
Net Position - End of Year	$ 79,468,203	$ 11,152,710	$ 65,811,337	$ 96,533,954	$ 1,571,275

(Continued on Next Page)

Pension and Other Employee Benefit Trust Funds				Investment Trust Funds				
Prefunded Retiree Health Program	Public Employees Retirement	Teachers Retirement	Total	City of Bismarck	ND Association of Counties	City of Grand Forks	City of Fargo	Total
$ 12,349,883	$ 77,080,576	$ 82,839,932	$ 175,320,117	$ -	$ -	$ -	$ -	$ -
16,655	74,218,276	76,342,685	167,488,716	-	-	-	-	-
-	-	-	-	-	-	-	-	-
-	23,574,937	-	24,300,746	-	-	-	-	-
-	-	-	1,180,726	-	-	-	-	-
-	-	-	-	-	-	-	-	-
12,366,538	174,873,789	159,182,617	368,290,305	-	-	-	-	-
(1,185,174)	(38,325,802)	(35,952,316)	(82,553,386)	(1,562,615)	32,045	(1,241,563)	(402,921)	(3,175,054)
2,271,699	56,512,739	49,982,337	118,998,538	2,783,855	90,580	1,392,396	1,011,928	5,278,759
292,820	7,132,911	6,034,689	13,838,526	344,493	7,974	172,647	97,374	622,488
793,705	11,054,026	7,995,332	22,606,626	876,747	114,651	(21,814)	511,633	1,481,217
-	279,098	304,571	595,044	16,355	558	8,881	8,671	34,465
-	-	60,907	60,907	3,271	113	1,775	1,732	6,891
-	279,098	243,664	534,137	13,084	445	7,106	6,939	27,574
383,089	9,179,163	2,768,245	12,330,497	-	-	-	-	-
-	712	44,966	994,564	-	-	-	-	-
13,543,332	195,386,788	170,234,824	404,756,129	889,831	115,096	(14,708)	518,572	1,508,791
2,109	141,263,796	180,617,784	342,875,415	-	-	-	-	-
3,135	8,001,696	5,350,896	13,410,990	-	-	-	-	-
9,329,881	-	-	9,329,881	-	-	-	-	-
-	398,649	-	24,296,696	-	-	-	-	-
-	-	-	-	-	-	-	-	-
431,291	2,537,799	1,851,656	6,496,152	-	-	-	-	-
9,766,416	152,201,940	187,820,336	396,409,134	-	-	-	-	-
-	-	-	-	(2,250,000)	100,000	(1,520,158)	(2,742,648)	(6,412,806)
3,776,916	43,184,848	(17,585,512)	8,554,568	-	-	-	-	-
-	-	-	(207,573)	-	-	-	-	-
-	-	-	-	(1,360,169)	215,096	(1,534,866)	(2,224,076)	(4,904,015)
-	-	-	-	-	-	-	-	-
99,155,701	2,371,710,809	2,141,920,800	4,888,354,046	118,324,504	3,831,089	65,174,760	40,970,267	228,300,620
$ 102,932,617	$ 2,414,895,657	$ 2,124,335,288	$ 4,896,701,041	$ 116,964,335	$ 4,046,185	$ 63,639,894	$ 38,746,191	$ 223,396,605

Combining Statement of Changes in Fiduciary Net Position
Pension, Investment and Private-Purpose Trust Funds (Continued)
For the Fiscal Year Ended June 30, 2016

	Private-Purpose Trust Funds			
	Student and Cultural Donations	Mandan Remediation Trust	College SAVE	Total
ADDITIONS				
Contributions:				
Employer	$ -	$ -	$ -	$ -
Employee	-	-	-	-
From Participants	-	-	41,356,876	41,356,876
Transfers from Other Funds	-	-	-	-
Transfers from Other Plans	-	-	-	-
Donations	2,311	-	-	2,311
Total Contributions	2,311	-	41,356,876	41,359,187
Investment Income:				
Net Change in Fair Value of Investments	(30,930)	-	(8,317,088)	(8,348,018)
Interest and Dividends	27,032	7,122	8,323,216	8,357,370
Less Investment Expense	-	-	-	-
Net Investment Income	(3,898)	7,122	6,128	9,352
Securities Lending Activity:				
Securities Lending Income	97	-	-	97
Less Securities Lending Expense	-	-	-	-
Net Securities Lending Income	97	-	-	97
Repurchase Service Credit	-	-	-	-
Miscellaneous Income	-	-	-	-
Total Additions	(1,490)	7,122	41,363,004	41,368,636
DEDUCTIONS				
Benefits Paid to Participants	-	-	-	-
Refunds	-	-	-	-
Prefunded Credit Applied	-	-	-	-
Transfer to Other Plans	-	-	-	-
Payments in Accordance with Trust Agreements	2,930	310,114	34,426,853	34,739,897
Administrative Expenses	29,876	15,252	3,063,404	3,108,532
Total Deductions	32,806	325,366	37,490,257	37,848,429
Purchase (Redemption) of Units at Net Asset Value of $1.00 Per Unit	-	-	-	-
Change in Net Position Held in Trust for:				
Pension Benefits	-	-	-	-
Other Employee Benefits	-	-	-	-
External Investment Pool Participants	-	-	-	-
Other Purposes	(34,296)	(318,244)	3,872,747	3,520,207
Net Position - Beginning of Year	1,364,978	8,500,823	384,683,125	394,548,926
Net Position - End of Year	$ 1,330,682	$ 8,182,579	$ 388,555,872	$ 398,069,133

Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2016

	Bonding	Payroll	Child Support	Student and Other	Tax Collection	Total
ASSETS						
Cash Deposits at the Bank of ND	$ 8,258,779	$ 195,232	$ 2,954,590	$ 1,056,938	$ 15,001,814	$ 27,467,353
Cash and Cash Equivalents	6,828,776	-	214,352	631,244	4,324,775	11,999,147
Investments at the Bank of ND	30,492,224	-	-	50,000	-	30,542,224
Investments	141,400	-	-	-	-	141,400
Accounts Receivable - Net	-	11,103,209	-	-	-	11,103,209
Taxes Receivable - Net	-	-	-	-	30,156,385	30,156,385
Interest Receivable - Net	-	-	-	25	-	25
Total Assets	$ 45,721,179	$ 11,298,441	$ 3,168,942	$ 1,738,207	$ 49,482,974	$ 111,409,743
LIABILITIES						
Intergovernmental Payable	$ -	$ 11,251,524	$ -	$ -	$ 49,469,962	$ 60,721,486
Tax Refunds Payable	117,748	-	-	-	13,012	130,760
Amounts Held in Custody for Others	45,603,431	46,917	3,168,942	1,738,207	-	50,557,497
Total Liabilities	$ 45,721,179	$ 11,298,441	$ 3,168,942	$ 1,738,207	$ 49,482,974	$ 111,409,743

STATE OF NORTH DAKOTA

Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Fiscal Year Ended June 30, 2016

	June 30 2015	Additions	Deductions	June 30 2016
Bonding				
ASSETS				
Cash Deposits at the Bank of ND	$ 7,983,160	$ 694,514	$ 418,895	$ 8,258,779
Cash and Cash Equivalents	6,668,971	9,244,699	9,084,894	6,828,776
Investments at the Bank of ND	28,171,545	3,691,690	1,371,011	30,492,224
Investments	140,605	795	-	141,400
Accounts Receivable - Net	26,000	-	26,000	-
Total Assets	$ 42,990,281	$ 13,631,698	$ 10,900,800	$ 45,721,179
LIABILITIES				
Tax Refunds Payable	$ 42,000	$ 117,748	$ 42,000	$ 117,748
Amounts Held in Custody for Others	42,948,281	13,605,698	10,950,548	45,603,431
Total Liabilities	$ 42,990,281	$ 13,723,446	$ 10,992,548	$ 45,721,179
Payroll				
ASSETS				
Cash Deposits at the Bank of ND	$ 154,780	$ 133,135,213	$ 133,094,761	$ 195,232
Accounts Receivable - Net	11,125,200	11,103,209	11,125,200	11,103,209
Total Assets	$ 11,279,980	$ 144,238,422	$ 144,219,961	$ 11,298,441
LIABILITIES				
Intergovernmental Payable	$ 11,129,968	$ 11,251,524	$ 11,129,968	$ 11,251,524
Amounts Held in Custody for Others	150,012	135,263,265	135,366,360	46,917
Total Liabilities	$ 11,279,980	$ 146,514,789	$ 146,496,328	$ 11,298,441
Child Support				
ASSETS				
Cash Deposits at the Bank of ND	$ 2,414,437	$ 130,981,956	$ 130,441,803	$ 2,954,590
Cash and Cash Equivalents	132,742	81,610	-	214,352
Total Assets	$ 2,547,179	$ 131,063,566	$ 130,441,803	$ 3,168,942
LIABILITIES				
Amounts Held in Custody for Others	$ 2,547,179	$ 132,112,242	$ 131,490,479	$ 3,168,942
Total Liabilities	$ 2,547,179	$ 132,112,242	$ 131,490,479	$ 3,168,942

	June 30 2015	Additions	Deductions	June 30 2016
Student and Other				
ASSETS				
Cash Deposits at the Bank of ND	$ 1,226,090	$ 3,444,836	$ 3,613,988	$ 1,056,938
Cash and Cash Equivalents	482,688	2,605,890	2,457,334	631,244
Investments at the Bank of ND	50,000	-	-	50,000
Interest Receivable - Net	25	-	-	25
Other Assets	-	-	-	-
Total Assets	$ 1,758,803	$ 6,050,726	$ 6,071,322	$ 1,738,207
LIABILITIES				
Amounts Held in Custody for Others	$ 1,758,803	$ 7,381,307	$ 7,401,903	$ 1,738,207
Total Liabilities	$ 1,758,803	$ 7,381,307	$ 7,401,903	$ 1,738,207
Tax Collection				
ASSETS				
Cash Deposits at the Bank of ND	$ 20,513,035	$ 290,707,976	$ 296,219,197	$ 15,001,814
Cash and Cash Equivalents	4,346,479	28,427	50,131	4,324,775
Taxes Receivable - Net	36,055,879	30,156,385	36,055,879	30,156,385
Total Assets	$ 60,915,393	$ 320,892,788	$ 332,325,207	$ 49,482,974
LIABILITIES				
Intergovernmental Payable	$ 60,887,868	$ 330,164,249	$ 341,582,155	$ 49,469,962
Tax Refunds Payable	27,525	13,012	27,525	13,012
Unavailable Revenue	-	-	-	-
Total Liabilities	$ 60,915,393	$ 330,177,261	$ 341,609,680	$ 49,482,974
Total -All Agency Funds				
ASSETS				
Cash Deposits at the Bank of ND	$ 32,291,502	$ 558,964,495	$ 563,788,644	$ 27,467,353
Cash and Cash Equivalents	11,630,880	11,960,626	11,592,359	11,999,147
Investments at the Bank of ND	28,221,545	3,691,690	1,371,011	30,542,224
Investments	140,605	795	-	141,400
Accounts Receivable - Net	11,151,200	11,103,209	11,151,200	11,103,209
Taxes Receivable - Net	36,055,879	30,156,385	36,055,879	30,156,385
Interest Receivable - Net	25	-	-	25
Total Assets	$ 119,491,636	$ 615,877,200	$ 623,959,093	$ 111,409,743
LIABILITIES				
Intergovernmental Payable	$ 72,017,836	$ 341,415,773	$ 352,712,123	$ 60,721,486
Tax Refunds Payable	69,525	130,760	69,525	130,760
Amounts Held in Custody for Others	47,404,275	288,362,512	285,209,290	50,557,497
Total Liabilities	$ 119,491,636	$ 629,909,045	$ 637,990,938	$ 111,409,743

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Schedule 1 -- Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2007	2008	2009	2010
Governmental Activities				
Net Investment in Capital Assets	$ 1,151,716,486	$ 1,400,535,033	$ 1,323,476,716	$ 1,450,350,320
Restricted	1,384,212,299	1,458,565,511	1,502,237,251	1,984,324,201
Unrestricted	894,967,295	1,119,875,688	1,562,969,653	1,772,441,595
Total Governmental Activities Net Position	**$ 3,430,896,080**	**$ 3,978,976,232**	**$ 4,388,683,620**	**$ 5,207,116,116**
Business-Type Activities				
Net Investment in Capital Assets	$ 527,402,572	$ 546,699,435	$ 578,827,822	$ 644,108,459
Restricted	478,219,512	532,954,637	500,433,232	445,609,412
Unrestricted	745,972,838	653,004,847	563,679,410	749,258,206
Total Business-Type Activities Net Position	**$ 1,751,594,922**	**$ 1,732,658,919**	**$ 1,642,940,464**	**$ 1,838,976,077**
Primary Government				
Net Investment in Capital Assets	$ 1,679,119,058	$ 1,947,234,468	$ 1,902,304,538	$ 2,094,458,779
Restricted	1,862,431,811	1,991,520,148	2,011,110,394	2,429,933,613
Unrestricted	1,640,940,133	1,772,880,535	2,118,209,152	2,521,699,801
Total Primary Government Net Position	**$ 5,182,491,002**	**$ 5,711,635,151**	**$ 6,031,624,084**	**$ 7,046,092,193**

2011	2012	2013	2014	2015	2016
$ 1,640,080,874	$ 1,943,226,802	$ 2,331,214,264	$ 2,502,234,624	$ 3,622,722,021	$ 4,299,696,899
2,470,400,337	3,094,031,766	3,786,154,729	4,976,564,822	6,254,673,532	6,246,873,312
2,537,062,796	3,635,538,536	5,597,014,917	7,109,867,360	6,812,545,677	5,781,826,861
$ 6,647,544,007	**$ 8,672,797,104**	**$ 11,714,383,910**	**$ 14,588,666,806**	**$ 16,689,941,230**	**$ 16,328,397,072**
$ 706,459,639	$ 752,357,235	$ 792,067,993	$ 844,395,270	$ 1,023,384,933	$ 1,155,758,401
452,312,013	569,991,053	632,431,958	600,269,799	485,012,106	533,664,273
916,758,798	957,796,166	1,019,582,872	1,287,315,405	1,439,859,232	1,528,847,402
$ 2,075,530,450	**$ 2,280,144,454**	**$ 2,444,082,823**	**$ 2,731,980,474**	**$ 2,948,256,271**	**$ 3,218,270,076**
$ 2,346,540,513	$ 2,695,584,037	$ 3,123,282,257	$ 3,346,629,894	$ 4,646,106,954	$ 5,455,455,300
2,922,712,350	3,664,022,819	4,418,586,687	5,576,834,621	6,739,685,638	6,780,537,585
3,453,821,594	4,593,334,702	6,616,597,789	8,397,182,765	8,252,404,909	7,310,674,263
$ 8,723,074,457	**$ 10,952,941,558**	**$ 14,158,466,733**	**$ 17,320,647,280**	**$ 19,638,197,501**	**$ 19,546,667,148**

Schedule 2 -- Changes in Net Position

Last Ten Fiscal Years

(accrual basis of accounting)

	2007	2008	2009	2010
Expenses				
Governmental Activities:				
General Governmental	$ 275,242,149	$ 313,329,720	$ 418,220,944	$ 393,432,224
Education	507,384,841	537,756,698	564,818,600	849,337,255
Health and Human Services	874,003,750	960,439,610	1,005,299,226	1,149,201,916
Regulatory	21,180,817	28,265,610	26,581,606	26,187,266
Public Safety and Corrections	135,581,887	135,067,907	194,263,845	284,846,465
Agriculture and Commerce	58,591,473	67,941,955	68,057,495	85,327,633
Natural Resources	57,850,544	64,090,113	64,816,773	81,304,271
Transportation	321,278,940	318,241,207	382,619,328	463,845,880
Interest on Long Term Debt	14,438,858	13,293,248	12,683,901	11,773,684
Total Governmental Activities Expenses	2,265,553,259	2,438,426,068	2,737,361,718	3,345,256,594
Business-Type Activities:				
Bank of North Dakota	$ 91,261,449	$ 108,077,704	$ 99,089,692	$ 80,132,606
Housing Finance	51,178,023	58,815,920	59,769,233	62,931,910
Loan Programs	9,453,454	9,657,603	6,776,733	6,315,852
State Lottery	16,068,060	16,205,287	16,122,996	18,177,724
Unemployment Compensation	47,524,928	46,911,958	106,475,262	137,473,630
University System	775,600,118	835,873,088	894,733,624	963,820,452
Workers Compensation	231,787,346	246,581,569	168,527,183	218,185,899
Other	143,590,245	266,193,540	249,602,025	188,406,517
Total Business-Type Activities Expenses	1,366,463,623	1,588,316,669	1,601,096,748	1,675,444,590
Total Primary Government Expenses	**$ 3,632,016,882**	**$ 4,026,742,737**	**$ 4,338,458,466**	**$ 5,020,701,184**
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Governmental	$ 22,288,219	$ 18,874,082	$ 24,085,311	$ 20,683,111
Education	3,616,003	3,994,400	4,325,036	5,440,633
Health and Human Services	24,970,751	31,576,197	34,200,110	31,858,461
Regulatory	20,267,416	21,266,588	19,418,470	23,963,949
Public Safety and Corrections	7,307,975	9,451,217	10,572,514	12,310,270
Agriculture and Commerce	19,593,774	28,180,590	22,749,832	29,530,575
Natural Resources	22,678,382	26,030,413	26,553,195	30,854,355
Transportation	74,146,958	71,469,872	87,100,993	90,768,728
Operating Grants and Contributions	1,148,061,678	1,041,410,981	1,131,838,131	2,025,395,367
Capital Grants and Contributions	71,115,382	68,471,590	57,064,724	63,034,991
Total Governmental Activities Program Revenues	1,414,046,538	1,320,725,930	1,417,908,316	2,333,840,440
Business-Type Activities:				
Charges for Services:				
Bank of North Dakota	135,843,000	158,993,000	155,951,000	138,081,000
Housing Finance	45,137,000	53,106,863	53,438,021	48,814,007
Loan Programs	12,535,071	10,522,025	6,941,602	6,013,058
State Lottery	22,772,976	22,219,058	21,815,381	24,498,988
Unemployment Compensation	56,855,823	51,993,327	75,137,232	115,951,800
University System	351,789,074	369,469,634	400,638,083	418,085,075
Workers Compensation	130,586,004	145,487,917	163,857,781	157,710,330
Other	145,427,064	261,985,312	238,431,304	201,085,424
Operating Grants and Contributions	368,697,788	258,218,249	114,158,181	412,398,322
Capital Grants and Contributions	7,314,326	9,244,575	10,820,227	19,762,204
Total Business-Type Activities Program Revenues	1,276,958,126	1,341,239,960	1,241,188,812	1,542,400,208
Total Primary Government Program Revenues	**$ 2,691,004,664**	**$ 2,661,965,890**	**$ 2,659,097,128**	**$ 3,876,240,648**
Net (Expense)/Revenue				
Governmental Activities	$ (851,506,721)	$ (1,117,700,138)	$ (1,319,453,402)	$ (1,011,416,154)
Business-Type Activities	(89,505,497)	(247,076,709)	(359,907,936)	(133,044,382)
Total Primary Government Net Expense	**$ (941,012,218)**	**$ (1,364,776,847)**	**$ (1,679,361,338)**	**$ (1,144,460,536)**
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Individual and Corporate Income Taxes	$ 449,064,105	$ 473,235,378	$ 503,975,529	$ 379,938,009
Sales and Use Taxes	726,913,003	797,614,476	857,770,891	885,445,674
Oil, Gas and Coal Taxes	230,118,178	469,244,783	428,669,882	633,445,059
Business and Other Taxes	54,780,147	65,487,361	60,813,632	62,075,915
Unrestricted Investment Earnings	25,822,610	25,149,527	12,830,321	33,925,667
Tobacco Settlement	16,097,938	20,062,331	30,990,193	23,559,384
Miscellaneous	27,836,295	42,051,636	54,636,981	150,818,789
Contributions to Permanent Fund Principal	15,995,440	19,181,247	11,573,541	11,203,425
Special Item - Loss on Discontinuance of Computer Project	-	-	(3,314,057)	-
Transfers	(167,116,902)	(254,648,266)	(229,267,859)	(350,496,669)
Total Governmental Activities	1,379,510,814	1,657,378,473	1,728,679,054	1,829,915,253
Business-Type Activities:				
Miscellaneous	-	-	-	-
Special Item - Loss on Discontinuance of Computer Project	-	-	-	-
Transfers	185,840,985	228,140,706	270,189,481	324,785,928
Total Business-Type Activities	185,840,985	228,140,706	270,189,481	324,785,928
Total Primary Government	**$ 1,565,351,799**	**$ 1,885,519,179**	**$ 1,998,868,535**	**$ 2,154,701,181**
Change in Net Position				
Governmental Activities	$ 528,004,093	$ 539,678,335	$ 409,225,652	$ 818,499,099
Business-Type Activities	96,335,488	(18,936,003)	(89,718,455)	191,741,546
Total Primary Government	**$ 624,339,581**	**$ 520,742,332**	**$ 319,507,197**	**$ 1,010,240,645**

2011	2012	2013	2014	2015	2016
$ 507,512,750	$ 617,152,026	$ 889,332,121	$ 1,283,916,089	$ 1,171,207,640	$ 1,055,377,601
830,649,191	843,780,168	875,991,527	1,075,062,067	1,415,255,393	1,175,550,087
1,244,163,316	1,271,569,970	1,318,899,711	1,433,598,932	1,706,333,172	1,776,822,167
28,419,774	33,988,310	44,813,739	54,727,821	66,743,817	69,084,070
242,521,440	303,602,543	209,732,547	243,149,474	249,290,966	227,617,802
98,038,471	91,653,406	93,212,834	96,055,152	106,455,113	106,845,611
117,862,905	132,679,303	114,752,488	119,395,831	236,079,321	321,992,458
468,695,689	796,123,086	595,646,719	1,066,103,806	603,812,692	679,070,102
10,461,658	9,063,514	8,454,110	7,601,561	7,154,580	1,334,285
3,548,325,193	4,099,612,325	4,150,835,796	5,379,610,733	5,562,332,694	5,413,694,183
$ 77,556,546	$ 71,996,932	$ 68,887,617	$ 76,366,749	$ 71,053,171	$ 85,822,027
69,824,036	56,046,981	48,368,304	40,901,946	37,510,475	40,245,934
6,898,226	8,092,864	8,756,357	12,759,106	11,366,158	17,322,830
17,068,826	18,877,249	19,713,987	19,264,562	20,359,788	26,038,434
108,482,422	89,236,878	118,377,072	113,988,509	144,920,974	225,358,209
1,008,539,618	1,047,949,521	1,080,816,602	1,129,869,106	1,170,159,474	1,211,438,892
300,297,491	359,216,200	448,535,174	418,500,961	377,926,363	366,662,703
237,373,095	523,164,269	279,389,712	269,600,028	549,799,020	569,432,422
1,826,040,260	2,174,580,894	2,072,844,825	2,081,250,967	2,383,095,423	2,542,321,451
$ 5,374,365,453	**$ 6,274,193,219**	**$ 6,223,680,621**	**$ 7,460,861,700**	**$ 7,945,428,117**	**$ 7,956,015,634**
$ 26,863,061	$ 30,255,507	$ 32,815,967	$ 38,080,695	$ 37,107,914	$ 36,278,126
6,985,958	7,515,580	6,086,567	6,064,710	6,806,001	7,071,212
36,563,927	36,100,539	38,381,590	39,915,016	64,507,593	42,982,802
22,122,244	30,312,566	32,359,807	45,384,490	25,862,700	52,583,727
14,456,950	26,263,919	26,614,392	28,552,402	30,428,332	24,446,658
29,861,552	31,026,427	35,652,945	36,600,243	31,198,196	38,222,183
24,772,981	31,017,855	26,356,862	29,681,837	33,895,342	35,142,635
96,023,474	111,125,056	120,821,133	120,058,651	132,160,558	122,699,922
2,015,949,905	2,012,322,201	1,867,800,810	2,083,789,612	1,888,797,868	1,755,539,596
12,768,330	18,099,423	5,353,007	11,045,879	1,388,033	3,416,338
2,286,368,382	2,334,039,074	2,192,243,080	2,439,173,535	2,252,152,537	2,118,383,199
140,043,000	145,038,000	161,080,000	155,548,000	175,117,000	207,836,000
54,190,469	49,583,855	42,649,030	36,150,366	34,386,013	36,286,659
5,989,229	6,185,948	7,538,124	7,548,651	10,365,115	12,212,352
23,085,242	26,587,851	27,999,486	27,051,014	27,212,010	35,736,460
119,074,810	126,040,929	127,174,321	133,701,408	127,328,232	147,802,377
438,741,616	468,992,991	486,262,379	507,302,753	517,570,660	537,645,053
193,150,136	253,677,520	320,237,794	318,779,835	339,806,696	308,682,776
246,210,771	278,124,295	289,981,947	276,895,777	554,752,747	573,829,155
449,392,800	601,695,091	370,855,633	439,950,824	312,136,231	298,603,154
14,258,261	20,975,446	19,865,857	18,703,628	36,923,275	29,609,083
1,684,136,334	1,976,901,926	1,853,644,571	1,921,632,256	2,135,597,979	2,188,243,069
$ 3,970,504,716	**$ 4,310,941,000**	**$ 4,045,887,651**	**$ 4,360,805,791**	**$ 4,387,750,516**	**$ 4,306,626,268**
$ (1,261,956,811)	$ (1,765,573,251)	$ (1,958,592,716)	$ (2,940,437,198)	$ (3,310,180,157)	$ (3,295,310,984)
(141,903,926)	(197,678,968)	(219,200,254)	(159,618,711)	(247,497,444)	(354,078,382)
$ (1,403,860,737)	**$ (1,963,252,219)**	**$ (2,177,792,970)**	**$ (3,100,055,909)**	**$ (3,557,677,601)**	**$ (3,649,389,366)**
$ 605,526,736	$ 658,905,496	$ 863,018,492	$ 700,867,920	$ 732,975,064	$ 414,964,865
1,121,730,307	1,543,140,897	1,654,186,763	1,756,777,615	1,804,380,378	1,348,342,960
1,059,467,528	1,670,059,257	2,518,921,322	3,335,934,782	2,734,507,198	1,457,361,212
69,733,806	71,974,295	83,470,020	82,437,250	92,936,834	99,295,506
21,330,843	15,500,793	17,967,764	130,011,232	117,643,232	64,347,477
30,453,643	22,265,336	22,332,577	23,652,803	21,789,723	22,776,760
158,447,124	170,544,538	206,709,383	198,533,139	161,725,312	119,545,563
999,110	12,469,733	13,722,930	14,251,211	16,382,336	15,637,987
-	-	-	-	-	(4,948,596)
(365,304,396)	(368,204,484)	(409,585,575)	(424,008,500)	(542,713,254)	(603,556,908)
2,702,384,702	3,796,655,862	4,970,743,676	5,818,457,452	5,139,626,823	2,933,766,826
-	1,940,000	39,166,106	1,857,975	9,562,071	93,003
-	-	(14,728,630)	-	-	-
376,538,823	390,214,559	358,701,147	455,888,029	535,979,992	611,332,622
376,538,823	392,154,559	383,138,623	457,746,004	545,542,063	611,425,625
$ 3,078,923,525	**$ 4,188,810,421**	**$ 5,353,882,299**	**$ 6,276,203,456**	**$ 5,685,168,886**	**$ 3,545,192,451**
$ 1,440,427,891	$ 2,031,082,611	$ 3,012,150,960	$ 2,878,020,254	$ 1,829,446,666	$ (361,544,158)
234,634,897	194,475,591	163,938,369	298,127,293	298,044,619	257,347,243
$ 1,675,062,788	**$ 2,225,558,202**	**$ 3,176,089,329**	**$ 3,176,147,547**	**$ 2,127,491,285**	**$ (104,196,915)**

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Schedule 3 -- Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2007	2008	2009	2010
General Fund				
Reserved	$ 1,690,187	$ 2,479,613	$ 4,123,554	$ 4,990,240
Unreserved	636,773,228	785,459,751	863,093,388	834,021,114
Total General Fund	**638,463,415**	**787,939,364**	**867,216,942**	**839,011,354**
All Other Governmental Funds				
Reserved	1,094,599,293	1,102,476,731	1,021,911,207	2,201,584,878
Unreserved, Reported in:				
Special Revenue Funds	576,408,347	870,164,282	1,195,606,640	1,525,108,012
Total All Other Governmental Funds	**1,671,007,640**	**1,972,641,013**	**2,217,517,847**	**3,726,692,890**
Total Fund Balances, Governmental Funds	**$ 2,309,471,055**	**$ 2,760,580,377**	**$ 3,084,734,789**	**$ 4,565,704,244**

Note: Due to GASB Statement 54, a new table is included below for 2011 going forward.

	2011	2012	2013	2014	2015	2016
General Fund						
Nonspendable	$ 4,628,040	$ 498,042,684	$ 1,355,179,441	$ 2,447,681,621	$ 3,465,933,483	$ 3,908,797,255
Commited	682,696,887	996,737,740	840,061,206	1,365,420,166	1,332,805,458	997,494,805
Unassigned	712,046,495	1,412,091,095	2,142,277,489	1,421,552,566	1,061,519,282	421,702,619
Total General Fund	**1,399,371,422**	**2,906,871,519**	**4,337,518,136**	**5,234,654,353**	**5,860,258,223**	**5,327,994,679**
All Other Governmental Funds						
Nonspendable	81,757,950	82,345,060	85,991,097	88,250,884	179,976,824	197,452,648
Restricted	2,371,817,130	3,003,088,539	3,679,248,354	4,913,528,772	6,037,108,398	6,000,049,002
Commited	1,055,012,373	682,600,401	1,200,571,048	1,628,346,627	1,230,446,562	617,111,539
Assigned	124,052,099	66,930,266	64,730,555	224,403,093	-	79,512,397
Unassigned	(3,205,875)	(3,797,855)	(6,075,964)	-	(8,477,525)	(3,376,686)
Total All Other Governmental Funds	**3,629,433,677**	**3,831,166,411**	**5,024,465,090**	**6,854,529,376**	**7,439,054,259**	**6,890,748,900**
Total Fund Balances, Governmental Funds	**$ 5,028,805,099**	**$ 6,738,037,930**	**$ 9,361,983,226**	**$ 12,089,183,729**	**$ 13,299,312,482**	**$ 12,218,743,579**

Schedule 4 -- Changes in Fund Balances, Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2007	2008	2009	2010
Revenues				
Individual and Corporate Income Taxes	$ 443,215,760	$ 469,177,140	$ 505,011,491	$ 380,068,970
Sales and Use Taxes	725,523,596	795,575,768	857,400,779	883,265,443
Oil, Gas, and Coal Taxes	230,124,520	469,231,373	428,629,782	633,497,612
Business and Other Taxes	54,742,121	63,575,524	61,017,632	62,344,622
Licenses, Permits and Fees	116,236,397	123,469,151	133,219,868	143,516,524
Intergovernmental	1,061,075,404	1,088,706,508	1,252,165,449	1,692,074,692
Sales and Services	41,134,852	49,459,036	48,871,700	47,993,528
Royalties and Rents	64,580,931	96,037,810	125,251,686	407,051,277
Fines and Forfeits	14,834,336	10,903,234	15,774,414	13,282,502
Interest and Investment Income	147,584,215	(1,522,383)	(110,353,157)	181,825,499
Tobacco Settlement	29,215,336	36,478,816	39,327,032	32,839,602
Commodity Assessments	13,801,240	18,152,847	16,502,864	19,558,592
Miscellaneous	10,327,474	10,178,935	5,863,644	11,870,275
Total Revenues	2,952,396,182	3,229,423,759	3,378,683,184	4,509,189,138
Expenditures				
Current:				
General Government	94,139,748	93,444,373	165,062,399	118,135,852
Education	506,528,869	536,359,840	564,579,714	849,104,680
Health and Human Services	873,992,858	956,031,462	1,002,699,816	1,147,503,138
Regulatory	16,987,513	19,696,747	22,284,389	22,114,812
Public Safety and Corrections	129,458,229	127,347,181	187,059,227	276,719,107
Agriculture and Commerce	58,249,503	67,675,838	67,987,832	85,141,016
Natural Resources	52,990,134	58,128,187	58,433,165	73,359,931
Transportation	290,317,792	283,717,240	353,240,413	425,930,371
Intergovernmental - Revenue Sharing	181,498,302	224,406,911	253,363,580	273,118,311
Capital Outlay	143,672,671	139,215,060	113,879,585	155,148,376
Debt Service:				
Principal	10,215,343	16,215,727	20,207,193	30,513,501
Interest and Other Charges	13,341,252	13,264,977	12,280,656	12,318,072
Total Expenditures	2,371,392,214	2,535,503,543	2,821,077,969	3,469,107,167
Revenue over (under) Expenditures	581,003,968	693,920,216	557,605,215	1,040,081,971
Other Financing Sources (Uses)				
Bonds and Notes Issued	1,828,225	1,426,000	3,005,000	-
Refunding Bonds Issued	23,775,068	-	-	-
Payment to Refund Bond Escrow Agent	(24,588,018)	-	-	-
Payment of Refunded Bonds	-	-	-	-
Capital Lease Acquisitions	202,754	370,888	88,245	166,951
Sale of Capital Assets	230,528	1,052,750	86,625	471,890
Other	-	-	-	-
Transfers In	241,687,946	302,221,706	278,233,887	474,985,111
Transfers Out	(408,804,848)	(556,869,970)	(507,501,746)	(825,481,779)
Total Other Financing Sources (Uses)	(165,668,345)	(251,798,626)	(226,087,989)	(349,857,827)
Net Changes in Fund Balances	**$ 415,335,623**	**$ 442,121,590**	**$ 331,517,226**	**$ 690,224,144**
Debt Service as a Percentage of Noncapital Expenditures	**<1%**	**<1%**	**<1%**	**<1%**

2011	2012	2013	2014	2015	2016
$ 602,185,856	$ 643,107,392	$ 845,590,604	$ 736,426,799	$ 714,657,090	$ 424,229,756
1,120,803,578	1,542,807,423	1,652,264,305	1,747,358,775	1,790,646,715	1,353,955,780
1,058,519,977	1,670,529,100	2,518,629,175	3,336,441,100	2,734,607,036	1,457,086,135
70,417,133	72,084,077	80,514,313	85,216,692	93,445,691	99,743,017
154,090,944	183,303,744	191,268,529	205,896,279	215,706,207	207,163,123
1,610,019,463	1,753,469,275	1,428,170,719	1,433,023,985	1,626,610,762	1,643,431,832
53,599,656	51,864,186	51,333,672	54,206,137	81,988,980	57,382,857
328,289,031	392,165,022	389,989,643	474,293,031	398,048,916	237,379,524
16,213,841	18,151,711	23,770,098	23,022,332	26,167,673	22,979,377
270,760,984	74,621,630	250,383,144	515,486,326	149,053,816	63,615,120
30,453,643	31,277,903	31,344,429	33,896,173	30,512,364	31,872,848
23,111,279	19,710,327	28,572,996	24,788,270	23,662,092	25,007,037
7,622,389	25,651,998	56,131,404	37,337,036	17,176,577	43,591,538
5,346,087,774	6,478,743,788	7,547,963,031	8,707,392,935	7,902,283,919	5,667,437,944
174,560,163	193,919,196	316,117,619	391,604,389	690,034,696	363,410,801
830,379,618	842,666,213	874,348,965	1,073,921,730	1,116,260,493	1,174,928,314
1,240,584,657	1,267,415,392	1,316,596,317	1,430,474,509	1,707,702,397	1,774,061,712
25,371,933	30,249,484	35,368,070	47,317,516	58,625,606	60,161,098
233,108,649	292,979,177	199,319,379	230,055,951	237,542,738	216,354,458
97,880,158	91,516,274	92,435,869	95,791,431	106,304,742	106,791,473
110,413,413	123,117,235	105,696,650	107,874,535	185,712,117	307,669,526
430,542,156	753,087,144	550,383,353	1,015,136,123	550,382,661	613,815,927
326,572,267	415,775,866	570,905,886	887,469,331	811,392,745	693,793,125
233,071,350	358,083,597	428,030,196	250,938,968	648,582,253	770,056,268
16,869,266	18,282,996	17,421,039	18,094,333	35,744,666	63,766,311
10,659,235	9,736,260	8,744,962	7,999,247	7,915,666	4,544,267
3,730,012,865	4,396,828,834	4,515,368,305	5,556,678,063	6,156,200,780	6,149,353,280
1,616,074,909	2,081,914,954	3,032,594,726	3,150,714,872	1,746,083,139	(481,915,336)
2,575,000	-	-	-	-	-
5,337,000	20,004,000	-	-	-	-
-	-	-	-	-	-
(4,940,000)	(25,041,000)	-	-	-	-
1,402,326	147,344	282,145	52,526	244,493	149,891
539,837	284,974	641,170	336,557	49,910	5,712,951
-	-	-	-	-	-
566,165,036	1,162,122,470	398,824,628	104,808,196	1,176,200,047	838,882,833
(931,469,432)	(1,530,199,911)	(808,397,373)	(528,711,650)	(1,718,913,302)	(1,443,399,242)
(360,390,233)	(372,682,123)	(408,649,430)	(423,514,371)	(542,418,852)	(598,653,567)
$ 1,255,684,676	**$ 1,709,232,831**	**$ 2,623,945,296**	**$ 2,727,200,501**	**$ 1,203,664,287**	**$ (1,080,568,903)**
<1%	**<1%**	**<1%**	**<1%**	**<1%**	**<1%**

Schedule 5
Taxable Sales by Industry
Last Ten Calendar Years

	Calendar Year			
	2006	2007	2008	2009
Mining and Oil Extraction	$ 191,615,942	$ 374,201,247	$ 951,773,654	$ 704,397,852
Construction	352,454,828	401,485,208	452,093,539	429,559,387
Manufacturing	543,692,333	589,463,741	697,482,110	649,627,740
Transportation, Communications, And Public Utilities	954,523,004	442,079,107	654,070,303	489,144,528
Wholesale	1,912,369,604	1,844,174,252	2,645,755,217	2,413,689,772
Retail	3,892,914,208	4,128,221,158	4,366,831,911	4,334,670,425
Services	1,688,764,982	1,413,161,243	1,479,230,174	1,542,498,356
Accommodation and Food Service (1)	-	1,058,245,321	1,149,837,849	1,179,623,344
Miscellaneous (1)	47,955,072	-	-	
Total	$ 9,584,289,973	$ 10,251,031,277	$ 12,397,074,757	$ 11,743,211,404
Effective Tax Rate	4.95%	4.95%	4.97%	4.97%

(1) Information was from SIC prior to 2007, when a switch was made to NAICS. There is no miscellaneous category under NAICS but there is an Accommodation and Food Service category, which was pulled from the SIC Services and Retail category.

Source: ND State Tax Department

Schedule 6
Sales Tax Revenue Payers by Industry
Calendar Years 2006 and 2015
(Dollars are in Millions)

	Calendar Year 2006			
	Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
Retail Trade	11,077	41.0%	193.48	42.0%
Wholesale Trade	4,031	14.9%	80.32	17.4%
Services	7,495	27.7%	85.97	18.7%
Transportation, Communications, And Public Utilities	499	1.8%	47.25	10.3%
Manufacturing	2,134	7.9%	26.91	5.8%
Construction	1,578	5.8%	17.45	3.8%
Miscellaneous				
Mining and Oil Extraction	212	0.8%	9.48	2.1%
Total	27,026	100.0%	460.86	100.0%

Source: ND State Tax Department

Calendar Year					
2010	2011	2012	2013	2014	2015
$ 1,491,748,626	$ 3,609,963,576	$ 5,117,138,306	$ 4,374,052,860	$ 5,194,104,870	$ 3,195,799,670
494,291,922	702,237,062	1,073,180,098	985,079,023	965,197,436	893,628,575
711,340,542	995,535,882	1,270,236,581	1,334,723,444	1,527,873,493	1,256,620,179
390,215,115	577,280,642	652,478,635	569,453,738	630,444,105	566,226,446
3,367,800,790	4,394,667,162	5,987,059,129	6,434,467,781	7,391,400,913	5,339,698,317
4,686,288,902	5,448,304,958	6,348,806,735	6,569,146,675	6,900,590,520	6,634,790,900
1,724,349,874	2,490,644,719	3,135,679,592	3,441,014,994	3,684,213,017	3,176,227,835
1,271,280,053	1,471,737,060	1,706,097,731	1,756,625,375	1,928,607,097	1,839,842,915
$ 14,137,315,824	$ 19,690,371,061	$ 25,290,676,807	$ 25,464,563,890	$ 28,222,431,451	$ 22,902,834,837
4.98%	4.86%	5.08%	5.08%	5.00%	5.35%

Calendar Year 2015			
Number of Filers	Percentage of Total	Tax Liability	Percentage of Total
11,483	36.1%	368.74	30.1%
5,229	16.4%	269.12	22.0%
9,014	28.3%	272.46	22.2%
485	1.5%	30.17	2.5%
2,540	8.0%	66.95	5.5%
2,447	7.7%	47.61	3.9%
612	1.9%	170.27	13.9%
31,810	100.0%	1,225.32	100.0%

Schedule 7
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(dollars in thousands)

	Fiscal Year			
	2007	**2008**	**2009**	**2010**
Governmental Activities				
Revenue bonds	$ 277,932	$ 265,665	$ 251,526	$ 232,102
Capital leases	5,418	5,236	4,056	2,842
Notes Payable	32,384	35,726	26,523	19,493
Total Governmental Activities	315,734	306,627	282,105	254,437
Business-type Activities				
Revenue bonds	1,073,545	1,197,845	1,051,542	1,301,368
Capital leases	46,131	50,046	68,097	72,461
Notes payable	263,820	250,645	318,847	412,095
Total Business-Type Activities	1,383,496	1,498,536	1,438,486	1,785,924
Total Primary Government	$ 1,699,230	$ 1,805,163	$ 1,720,591	$ 2,040,361
Debt as a Percentage of Personal Income [1]	8.0%	7.7%	6.4%	7.7%
Amount of Debt per Capita [1]	$ 2,617	$ 2,765	$ 2,617	$ 3,068

[1] These ratios are calculated using personal income and population for the prior calendar year. See Schedule 10 for personal income and population data.

Details regarding the state's debt can be found in Note 3-K of the financial statements.

Fiscal Year					
2011	2012	2013	2014	2015	2016
$ 219,221	$ 197,021	$ 180,757	$ 163,031	$ 129,345	$ 64,049
2,964	1,928	1,068	667	600	467
8,563	7,428	6,211	4,981	4,412	3,891
230,748	206,377	188,036	168,679	134,357	68,407
1,193,816	1,069,257	919,506	901,527	884,086	1,040,019
75,649	73,211	61,796	44,774	41,224	38,533
403,509	481,735	415,856	484,763	665,792	747,186
1,672,974	1,624,203	1,397,158	1,431,064	1,591,102	1,825,738
$ 1,903,722	$ 1,830,580	$ 1,585,194	$ 1,599,743	$ 1,725,459	$ 1,894,145
6.5%	5.7%	4.1%	3.9%	4.2%	4.7%
$ 2,830	$ 2,673	$ 2,260	$ 2,211	$ 2,333	$ 2,561

Schedule 8
Pledged-Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements: Principal	Debt Service Requirements: Interest	Coverage	Fiscal Year
	BUILDING AUTHORITY BONDS						
2007	$ 10,479,000	$ -	$ 10,479,000	$ 6,649,000	$ 5,541,000	0.86	2007
2008	11,303,000	-	11,303,000	8,161,000	4,770,000	0.87	2008
2009	12,827,000	-	12,827,000	8,103,000	4,309,000	1.03	2009
2010	11,026,000	-	11,026,000	10,360,000	4,005,000	0.77	2010
2011	9,570,000	-	9,570,000	6,243,000	3,656,000	0.97	2011
2012	11,298,000	-	11,298,000	7,106,000	3,211,000	1.10	2012
2013	8,394,000	-	8,394,000	5,806,000	2,655,000	0.99	2013
2014	9,176,000	-	9,176,000	6,825,000	2,336,000	1.00	2014
2015	8,163,000	-	8,163,000	6,130,000	2,080,000	0.99	2015
2016	9,868,000	-	9,868,000	6,375,000	1,896,000	1.19	2016
	Pledged revenues include interest and lease payments.						
	WATER COMMISSION BONDS						
2007	$ 7,192,923	$ -	$ 7,192,923	$ 1,813,098	$ 4,999,564	1.06	2007
2008	7,623,880	-	7,623,880	1,485,000	4,717,867	1.23	2008
2009	9,526,211	-	9,526,211	4,859,000	4,863,040	0.98	2009
2010	9,658,200	-	9,658,200	5,055,000	4,685,748	0.99	2010
2011	9,425,473	-	9,425,473	5,227,642	4,645,491	0.95	2011
2012	9,761,020	-	9,761,020	5,541,961	4,372,017	0.98	2012
2013	9,863,578	-	9,863,578	5,760,272	4,142,814	1.00	2013
2014	16,615,188	-	16,615,188	5,990,528	3,911,439	1.68	2014
2015	8,783,565	-	8,783,565	13,343,592	3,318,972	0.53	2015
2016	45,840,868	-	45,840,868	52,525,000	1,309,125	0.85	2016
	Pledged revenues inlcude user fees, interest, and Tobacco Settlement funds.						
	INFORMATION TECHNOLOGY BONDS						
2007	$ 38,270,735	$ 32,009,593	$ 6,261,142	$ 568,400	$ 213,506	8.01	2007
2008	40,706,890	38,728,841	1,978,049	590,150	192,203	2.53	2008
2009	45,225,141	39,036,294	6,188,847	6,613,350	935,650	0.82	2009
2010	48,633,238	38,453,612	10,179,626	1,716,372	790,686	4.06	2010
2011	49,841,497	41,956,029	7,885,468	10,537,178	324,831	0.73	2011
2012	53,268,445	47,300,345	5,968,100	694,550	89,028	7.62	2012
2013	58,427,069	52,478,918	5,948,151	736,600	39,805	7.66	2013
2014	60,619,327	53,925,234	6,694,093	711,950	14,239	9.22	2014
	Pledged revenues include user fees.						2015
							2016
	DEPARTMENT OF TRANSPORTATION BONDS						
2007	$ 1,501,502	$ -	$ 1,501,502	$ 161,125	$ 2,001,689	0.69	
2008	5,723,177	-	5,723,177	3,160,000	2,162,804	1.08	
2009	5,379,338	-	5,379,338	3,255,000	2,067,750	1.01	
2010	5,750,480	-	5,750,480	3,355,000	2,397,783	1.00	
2011	5,271,363	-	5,271,363	3,465,000	1,854,138	0.99	
2012	5,345,315	-	5,345,315	3,595,000	1,726,615	1.00	
2013	5,344,822	-	5,344,822	3,725,000	1,597,010	1.00	
2014	5,320,012	-	5,320,012	3,865,000	1,451,535	1.00	
2015	5,318,070	-	5,318,070	4,015,000	1,303,070	1.00	
2016	5,318,698	-	5,318,698	4,165,000	1,150,500	1.00	
	Pledged revenues include interest and federal (intergovernmental revenues and tranfers from fund 002), highway fund appropriations, and transfers from Highway fund (200).						NOTE:

Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Requirements		Coverage
			Principal	Interest	
STUDENT LOAN TRUST					
$ 9,194,000	$ 2,296,000	$ 6,898,000	$ -	$ 3,917,000	1.76
7,192,000	1,367,000	5,825,000	8,900,000	3,790,000	0.46
2,714,000	1,492,000	1,222,000	59,400,000	929,000	0.02
1,630,000	925,000	705,000	1,000,000	535,000	0.46
1,406,000	923,000	483,000	9,000,000	288,000	0.05
1,168,000	770,000	398,000	2,000,000	39,000	0.20
976,000	658,000	318,000	2,200,000	24,000	0.14
868,000	559,000	309,000	-	9,000	34.33
732,000	487,000	245,000	-	9,000	27.22
639,000	412,000	227,000	-	10,000	22.70
Pledged revenues include federal revenues, and loan and investment interest.					
HOUSING FINANCE AGENCY					
$ 58,632,000	$ 26,868,000	$ 31,764,000	$ 133,527,000	$ 31,809,000	0.19
67,393,000	34,498,000	32,895,000	8,969,000	37,373,000	0.71
67,073,021	35,458,000	31,615,021	254,020,000	40,733,000	0.11
72,564,000	26,958,000	45,606,000	354,181,000	37,499,000	0.12
74,163,000	46,020,000	28,143,000	247,099,000	36,352,000	0.10
62,386,855	42,874,000	19,512,855	246,535,000	36,562,000	0.07
55,452,870	36,480,000	18,972,870	209,045,000	29,902,000	0.08
48,261,366	28,677,687	19,583,679	189,830,000	22,360,000	0.09
46,104,013	25,535,000	20,569,013	136,385,000	18,303,000	0.13
48,479,659	27,986,000	20,493,659	102,480,000	17,801,000	0.17
Pledged revenues include income and proceeds from mortgage loan activity.					
UNIVERSITY SYSTEM					
$ 557,498,821	$ 665,012,168	$ (107,513,347)	$ 29,385,066	$ 12,325,577	(2.58)
577,333,810	720,525,986	(143,192,176)	10,771,860	12,946,879	(6.04)
615,327,588	768,207,013	(152,879,425)	31,757,754	13,848,295	(3.35)
663,347,234	823,053,516	(159,706,282)	25,067,090	12,968,810	(4.20)
777,992,712	937,253,706	(159,260,994)	19,435,268	14,390,104	(4.71)
708,136,180	979,701,772	(271,565,592)	27,187,867	15,553,703	(6.35)
729,800,506	1,012,017,963	(282,217,457)	43,206,702	12,842,418	(5.04)
750,780,897	1,051,848,696	(301,067,799)	42,458,545	11,650,094	(5.56)
758,127,326	1,090,845,378	(332,718,052)	45,904,456	13,702,718	(5.58)
838,245,926	1,200,399,795	(362,153,869)	60,435,227	12,328,344	(4.98)
Pledged revenues include student fees, auxiliary revenues, and debt service grants.					

Gross revenues include nonoperating interest income. Operating expenses do not include bond interest or depreciation expenses.

Schedule 9
Legal Debt Limit
Fiscal Year Ending June 30, 2016

The state may issue or guarantee the payment of bonds, provided that all bonds in excess of two million dollars shall be secured by first mortgage upon real estate in amounts not to exceed sixty-five percent of its value; or upon real and personal property of state-owned utilities, enterprises, or industries, in amounts not exceeding its value, and provided further, that the state shall not issue or guarantee bonds upon property of state-owned utilities, enterprises, or industries in excess of ten million dollars.

No further indebtedness shall be incurred by the state unless evidenced by a bond issue, which shall be authorized by law for certain purposes, to be clearly defined. Every law authorizing a bond issue shall provide for levying an annual tax, or make other provision, sufficient to pay the interest semiannually, and the principal within thirty years from the date of the issue of such bonds and shall specially appropriate the proceeds of such tax, or of such other provisions to the payment of said principal and interest, and such appropriation shall not be repealed nor the tax or other provisions discontinued until such debt, both principal and interest, shall have been paid. No debt in excess of the limit named herein shall be incurred except for the purpose of repelling invasion, suppressing insurrection, defending the state in time of war or to provide for the public defense in case of threatened hostilities.

The State is in compliance with the Legal Debt Margin.

Source: North Dakota Constitution, Art. X, Section 13.

The State of North Dakota has had no General Obligation Bonded Debt since Fiscal Year 1998. No Schedule of Ratios of General Bonded Debt is being presented.

Schedule 10
Demographic and Economic Indicators
Last Ten Calendar Years

Year	Population (a)	Total Personal Income (b) (000's)	Per Capita Personal Income (b)	ND Unemployment Rate (c)	Annual Average UI Covered Employment (d)
2006	649,422	21,357,982	32,888	3.2%	335,718
2007	652,822	23,608,374	36,164	3.1%	341,705
2008	657,569	26,906,078	40,917	3.2%	350,442
2009	664,968	26,635,615	40,055	4.1%	349,561
2010	672,591	29,182,107	43,275	3.8%	358,674
2011	685,242	32,783,002	47,868	3.5%	379,433
2012	701,705	39,493,019	56,310	3.1%	411,710
2013	723,857	38,471,723	53,182	2.9%	427,109
2014	739,482	40,635,257	54,951	2.8%	444,658
2015	756,927	41,165,870	54,376	2.7%	437,078

Source:

(a) Census Bureau
(b) Bureau of Economic Analysis
(c) Local Area Unemployment Statistics program
(d) Quarterly Census of Employment and Wages program

Schedule 11
Principal Employers

North Dakota Century Code 52-01-02 and 52-01-03 prohibits Job Service North Dakota from disclosing information provided to them by employers, including the employer name and number of employees, unless authorized by the employer. Sufficient permission has not been received to allow for presentation of this schedule.

The following schedule is being presented as an alternative to the principal employer schedule:

Schedule 12
Employment by Industry
Current Year and Ten Years Ago

	2015			2006		
Industry	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment	Number of Employees	Rank	Percent of Total Nonagricultural Wage and Salary Employment
Government	81,300	1	17.91%	75,500	1	21.44%
Educational and Health Services	60,700	2	13.37%	49,700	2	14.12%
Retail Trade	50,800	3	11.19%	43,200	3	12.27%
Leisure and Hospitality	40,500	4	8.92%	31,600	4	8.97%
Professional and Business Services	36,500	5	8.04%	28,300	6	8.04%
Construction	34,400	6	7.58%	18,500	9	5.25%
Wholesale Trade	26,800	7	5.90%	19,100	8	5.42%
Transportation, Warehousing and Utilities	26,500	8	5.84%	13,800	11	3.92%
Manufacturing	25,500	9	5.62%	26,000	5	7.38%
Financial Activities	24,200	10	5.33%	19,200	7	5.45%
Natural Resources and Mining	23,300	11	5.13%	4,700	13	1.33%
Other Services	16,900	12	3.72%	15,000	10	4.26%
Information	6,600	13	1.45%	7,500	12	2.13%
Total	454,000		100%	352,100		100%

Source: Job Service North Dakota: Current Employment Statistics Program.

Schedule 13
Education Enrollment
Last Ten Academic Years

Public School Enrollment

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Kindergarten	6,661	7,197	6,442	7,446	8,236	8,575	8,822	9,033	8,925	8,841
Grades 1-3	20,126	20,030	20,594	21,592	22,229	23,796	24,859	25,960	26,585	26,320
Grades 4-6	20,951	20,847	20,429	20,788	20,932	22,008	22,810	23,751	24,513	25,244
Grades 7-8	14,759	14,573	14,498	14,662	14,740	14,750	14,920	15,299	15,642	16,115
Grades 9-12	31,483	30,727	30,373	30,241	29,641	30,063	30,245	30,235	30,405	30,343
Total Enrollment	93,980	93,374	92,336	94,729	95,778	99,192	101,656	104,278	106,070	106,863
Special Education Students	13,606	13,278	13,261	13,170	13,123	13,268	13,399	13,675	13,988	NA

Source: Department of Public Instruction

University System Full-Time Equivalent Student Enrollment

	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
Bismarck State College	2,793	2,937	3,160	3,208	3,209	2,990	2,955	2,909	2,912	2,860
Dakota College at Bottineau	401	440	490	540	524	474	502	518	459	490
Dickinson State University	2,158	2,294	2,187	2,054	1,959	1,454	1,201	1,176	1,070	1,114
Lake Region State College	764	784	868	921	988	973	943	978	981	971
Mayville State University	586	563	662	704	704	759	749	798	796	782
Minot State University	2,729	2,720	2,832	3,002	2,795	2,731	2,710	2,600	2,570	2,591
ND State College Of Science	2,097	2,041	2,076	2,217	2,366	2,354	2,295	2,272	2,305	2,298
North Dakota State University	11,221	11,794	12,577	12,708	12,606	12,707	12,797	12,934	12,834	12,782
University of North Dakota	10,967	11,137	11,306	12,018	12,319	12,728	12,606	12,420	12,455	12,180
Valley City State University	807	823	833	957	1,011	995	975	990	1,031	1,044
Williston State College	551	562	573	570	608	537	593	579	738	756
Total	35,074	36,095	37,564	38,899	39,089	38,702	38,326	38,174	38,151	37,870

Source: North Dakota University System, Fall Enrollment Reports

Schedule 14
State Employees by State Agency
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXECUTIVE BRANCH										
Adjutant General	169	171	174	174	172	174	178	177	170	155
Aeronautics Commission	5	5	5	6	6	6	6	6	6	7
Bank of North Dakota	181	179	179	177	177	177	177	180	180	182
Barley Council	5	6	6	6	5	5	5	5	5	5
Beef Commission	2	2	2	2	2	2	2	2	2	2
Career and Technical Education	33	33	34	34	34	34	34	34	29	27
Corn Council	2	2	3	3	3	4	5	6	6	6
Council on the Arts	5	5	5	5	5	5	5	5	5	5
Department of Agriculture	64	67	68	72	75	75	76	77	77	77
Department of Commerce	67	68	68	68	68	68	68	70	69	69
Department of Corrections and Rehabilitation	664	681	703	704	705	739	812	813	834	838
Department of Emergency Services	54	56	57	60	65	64	68	70	76	79
Department of Financial Institutions	26	26	26	29	29	29	29	29	29	30
Department of Human Services	2,133	2,297	2,275	2,222	2,232	2,201	2,201	2,203	2,215	2,216
Department of Public Instruction	95	95	98	99	101	99	99	99	100	100
Department of Transportation	1,054	1,061	1,056	1,057	1,066	1,066	1,081	1,084	1,082	1,081
Department of Trust Lands	21	21	20	21	23	26	28	31	34	34
Game and Fish Department	154	154	156	20	157	157	158	158	164	163
Highway Patrol	186	193	193	194	194	198	198	213	215	215
Historical Society	58	61	63	63	63	66	73	72	73	80
Indian Affairs Commission	3	4	4	4	4	4	5	5	5	5
Industrial Commission	53	55	58	60	68	73	93	93	114	113
Information Technology Department	313	316	338	339	341	335	326	341	354	350
Job Service North Dakota	352	309	309	309	309	309	252	239	238	182
Milk Marketing Board	6	6	6	6	6	6	6	6	6	6
ND Department of Health	324	335	343	346	341	345	352	354	365	366
ND Horse Racing Commission	2	2	2	2	2	2	2	2	2	2
ND Housing Finance Agency	38	43	42	46	46	46	46	46	40	41
ND Mill and Elevator Association	127	125	126	130	131	130	131	134	135	142
ND Vision Services/School for the Blind	30	30	32	32	33	33	33	33	33	32
North Dakota University System	6,015	7,171	7,261	7,579	7,775	7,756	7,763	7,904	8,028	8,012
Office of Administrative Hearings	7	7	7	7	7	7	7	5	5	5
Office of Management and Budget	133	133	133	133	135	134	134	134	132	124

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
EXECUTIVE BRANCH, Continued										
Office of the Attorney General	177	185	188	202	202	205	214	217	248	253
Office of the Governor	18	18	18	18	18	18	18	18	18	18
Office of the Insurance Commissioner	46	46	46	46	45	49	49	49	49	49
Office of the Labor Commissioner	12	11	12	12	12	12	13	13	15	15
Office of the State Auditor	56	56	56	56	56	56	55	55	61	62
Office of the State Tax Commissioner	133	133	133	133	133	133	134	134	134	135
Office of the State Treasurer	7	7	7	7	7	8	8	8	8	8
Oilseed Council	1	1	1	1	1	1	1	1	2	1
Parks and Recreation Department	50	49	49	52	53	53	53	55	65	66
Protection and Advocacy	25	27	28	28	29	29	29	28	28	28
Public Employees Retirement System	33	33	33	33	33	33	33	33	33	35
Public Service Commission	43	44	44	45	46	43	44	44	46	46
Retirement and Investment Office	17	17	17	17	18	18	18	19	19	19
School for the Deaf	49	44	44	50	50	50	50	50	51	51
Secretary of State	27	27	28	28	28	31	31	31	34	34
Securities Department	9	9	9	9	9	9	9	9	9	9
Seed Department	32	31	30	30	30	30	30	30	30	30
Soybean Council	5	5	5	5	5	6	7	7	8	8
State Fair Association	24	26	26	28	27	27	27	28	27	27
State Library	30	30	30	30	30	30	30	30	31	30
State Radio	0	0	0	0	0	0	0	0	0	0
Veteran's Affairs Department	6	7	7	7	7	8	8	8	8	9
Veterans Home	88	92	98	98	116	114	117	118	120	116
Water Commission	84	84	84	86	87	87	88	90	95	96
Wheat Commission	8	8	8	8	8	8	8	8	8	8
Workforce Safety and Insurance	239	239	240	241	251	251	254	256	266	265
LEGISLATIVE BRANCH										
Legislative Council	33	33	33	34	34	34	34	36	36	37
JUDICIAL BRANCH										
Judiciary Branch	352	367	368	372	342	344	362	363	364	392
Total State Employees	**13,985**	**15,348**	**15,494**	**15,685**	**16,052**	**16,062**	**16,177**	**16,368**	**16,639**	**16,598**

NOTE: Fulltime employees are reported as of fiscal year end. ND University System employees based on annual budgets.
Certain agencies have been reorganized, eliminated or created over the fiscal years resulting in fluctuations.
Agencies are being displayed based on the organizational structure of the State.

Sources: Office of Management and Budget, ND University System, Bank of North Dakota, Mill and Elevator, Housing Finance Agency

Schedule 15
Operating Indicators by Function
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Office of the Tax Commissioner										
Number of returns filed electronically [1]	186,329	203,279	222,254	242,792	289,387	319,759	352,150	383,906	412,559	428,347
Education										
Department of Public Instruction										
Public School Enrollment [2]	93,980	93,374	92,336	94,729	95,778	99,192	101,656	104,278	106,070	106,863
North Dakota University System										
Full Tme Equivalent Student Enrollment [3]	35,074	36,095	37,564	38,899	39,089	38,702	38,326	38,174	38,151	37,870
Health and Human Services										
North Dakota Department of Health										
Number of Autopsies Performed in ND [4]	237	274	305	300	323	367	365	261	258	NA
Air Quality - Percent of Facilities in Compliance [4]	98	99	99	99	100	99	99	99	100	NA
Public Water Systems - Percent of Facilities in Compliance [4]	95	95	95	96	95	96	96	95	96	NA
Department of Human Services										
Number of TANF Caseloads	5,112	4,927	4,733	4,238	3,668	3,329	3,032	2,773	2,515	2,367
Number of Medicaid Recipients	75,470	75,732	77,637	84,529	88,618	90,453	91,382	105,539	114,364	122,374
Regulatory										
Office of the Insurance Commissioner										
Licensed Insurance Agents [4]	47,437	47,399	48,308	49,157	50,392	52,417	55,241	61,142	65,671	66,882
Public Service Commission										
Weighing and Measuring Devices Inspected	13,183	11,476	11,395	10,465	10,673	7,437	9,559	5,892	5,446	6,136
Weights and Measures Quality Assurance Inspections	0	0	0	0	0	0	0	166	249	216
Gas Pipeline Safety Inspections	65	61	67	67	61	53	83	127	72	81
Gas Pipeline Safety Inspection-Person Days	74	104	74	88	97	97	138	162	124	134
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Average Daily Adult Prison Population [4]	1,429	1,449	1,442	1,497	1,460	1,477	1,553	1,617	1,767	NA
Office of the Attorney General-Bureau of Investigations										
Criminal Cases Opened [4]	299	369	389	410	366	422	355	478	449	NA
Drug Cases Opened [3]	425	380	372	447	421	375	403	380	387	NA
Office of the Attorney General-Crime Laboratory										
Toxicology Alcohol Blood and Breath Analyses [4]	6,915	6,007	6,883	7,576	7,583	7,918	7,421	6,523	6,472	NA
Methamphetamine/Amphetamine Samples Processed [4]	1,034	631	897	964	745	1,381	2,387	2,942	4,527	NA
Office of the Adjutant General										
Assigned National Guard [5]	4,211	4,262	4,299	4,349	4,375	4,363	4,210	4,167	4,006	3,980
Agriculture and Commerce										
Department of Agriculture										
Pounds of Pesticide Waste Collected	170,817	215,521	205,021	215,594	189,996	290,932	248,354	310,754	384,857	137,297
Department of Commerce										
Net Job Growth from Nonfarm Employment [4]	6,200	8,600	-600	9,300	20,600	32,400	15,400	17,100	7,400	NA
New Private Sector Businesses [4]	-324	395	-53	608	1,619	2,274	1,371	940	382	NA
Natural Resources										
Game and Fish Department										
Registered Boats [4]	53,519	46,067	51,609	56,128	47,527	62,799	69,381	53,558	61,328	NA
Hunting and Fishing Licenses Issued	324,770	330,524	319,414	326,333	330,833	321,086	359,734	357,488	354,728	NA
Department of Parks and Recreation										
Park Visitations [4]	898,235	889,231	1,055,930	1,057,922	1,099,714	1,191,483	1,067,054	1,187,022	1,211,150	NA
Camping Nights [4]	52,904	51,529	58,984	50,749	55,018	67,425	66,533	68,480	71,075	NA
Snowmobile Registrations [4]	11,322	3,845	11,421	5,278	11,872	3,354	11,763	3,743	8,958	NA
OHV Registrations [4]	9,200	18,237	9,118	16,335	10,841	21,862	12,198	26,200	12,753	NA
Transportation										
Department of Transportation										
Registered Vehicles [4]	902,581	934,502	952,616	945,282	1,048,240	1,063,203	1,110,241	1,159,317	1,168,252	NA
Licensed Drivers	470,731	473,019	476,561	483,097	490,146	502,807	513,838	527,541	545,027	555,935
Unemployment Compensation										
Job Service North Dakota										
Number of Covered Workers [4]	341,705	350,442	349,561	358,674	379,433	411,710	427,109	444,658	437,078	NA
Workforce Safety and Insurance										
Number of Claims Filed	21,309	21,061	20,543	19,384	21,693	24,643	25,835	26,395	24,767	21,250
Number of Covered Workers	326,100	332,170	340,915	340,117	348,743	369,996	402,771	418,234	435,993	427,899

NA-Not Available
[1] Calendar Year Received
[2] Academic Year End Enrollment
[3] Academic Year Enrollment
[4] Statistics on a Calendar Year Basis
[5] National Guard member count is at September 30 of each year

Sources: The State agencies listed above provided the statistics for their agency

Schedule 16
Capital Assets by Function
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Government										
Office of Management and Budget										
Capitol Complex Buildings	7	7	7	7	7	7	7	7	7	7
Education										
Department of Land										
Common Schools Trust										
Land Acreage	632,248	632,248	597,426	632,393	631,940	631,921	631,939	631,997	632,039	631,794
ND University System										
Buildings	516	516	516	522	522	512	512	528	528	534
Buildings Square Footage	13,491,510	14,003,445	14,003,445	14,700,708	14,700,708	15,019,252	15,019,252	15,852,457	15,852,457	16,299,100
Health and Human Services										
Dept. of Human Services										
Buildings	74	74	74	74	74	74	64	63	63	63
Public Safety and Corrections										
Department of Corrections and Rehabilitation										
Buildings	71	71	72	72	72	72	69	71	71	71
Office of the Adjutant General										
Headquarters, Camp and Armory Buildings	475	475	341	282	282	283	268	280	298	298
Natural Resources										
Game and Fish Department										
Wildlife Management Areas	186	186	189	192	199	201	201	204	201	200
Boats, ATV's, Snowmobiles, Tractors,Other	397	417	425	429	443	446	463	462	460	472
Dept. of Parks and Recreation										
Park/Recreational Sites	15	15	15	15	15	15	15	15	15	15
Park Maintanenace Vehicles/Equipment	230	235	255	255	262	291	304	305	305	363
Transportation										
Department of Transportation										
Lane Miles Maintained	8,479	8,511	8,515	8,517	8,518	8,504	8,509	8,509	8,563	8,614
Fleet Vehicles	3,316	3,307	3,273	3,493	3,564	3,567	3,600	3,652	3,664	3,726
Heavy Equipment	359	340	341	463	471	500	434	441	448	441
Buildings	79	80	81	85	94	123	126	142	158	159

Sources: The State agencies listed above provided the data for their agency

Schedule 17
Claims Development Information
Last Ten Fiscal Years

The following tables illustrate how the individual funds' earned revenues and investment income compare to related costs of loss and other expenses assumed by the funds as of the end of each of the last ten years. The rows of the tables are defined as follows: (1) This line shows the total of each fiscal year's earned contribution revenues and investment revenues. (2) This line shows each fiscal year's other operation costs of the fund including overhead and claims expense not allocable to individual claims. (3) This line shows the funds' incurred claims and allocated claim adjustment expense (both paid and accrued) as originally reported at the end of the first year in which the event that triggered coverage under the contract occurred (called policy year). (4) This section of 10 columns shows the cumulative amounts paid as of the end of successive years for each policy year. (5) This section of 10 columns shows how each policy year's incurred claims increased or decreased as of the end of successive years. This annual re-estimation results from new information received regarding unknown claims, reevaluation of existing information on known claims, as well as emergence of new claims not previously known. (6) This line compares the latest re-estimated incurred claims amount to the amount originally established (line 3) and shows whether this latest estimate of claims cost is greater or less than originally thought. As data for individual policy years mature, the correlation between original estimates and re-estimated amounts is commonly used to evaluate the accuracy of incurred claims currently recognized in less mature policy years. The columns of the tables show data for successive policy years (expressed in thousands).

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Workforce Safety & Insurance

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 Net Earned Required Contribution and Investment Revenues	$ 221	$ 166	$ 48	$ 289	$ 357	$ 341	$ 443	$ 502	$ 408	$ 377
2 Unallocated Expenses	40	41	31	33	30	33	52	41	41	43
3 Estimated Incurred Claims and Expense, End Of Policy Year	120	131	169	160	192	230	300	338	315	229
4 Paid (Cumulative) as of:										
End of Policy Year	21	27	32	31	39	44	53	65	61	41
One Year Later	37	47	55	52	65	87	99	111	102	
Two Years Later	43	54	63	60	76	102	117	128		
Three Years Later	47	58	70	65	85	111	128			
Four Years Later	50	60	75	69	90	116				
Five Years Later	53	63	79	73	94					
Six Years Later	55	66	83	76						
Seven Years Later	57	68	84							
Eight Years Later	58	69								
Nine Years Later	60									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	120	131	169	160	192	230	300	338	315	229
One Year Later	119	140	157	151	192	258	293	321	283	
Two Years Later	120	133	153	195	193	344	288	299		
Three Years Later	110	129	150	193	187	241	272			
Four Years Later	108	126	148	142	174	228				
Five Years Later	105	123	148	139	181					
Six Years Later	104	120	150	137						
Seven Years Later	102	120	147							
Eight Years Later	101	119								
Nine Years Later	102									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	(18)	(12)	(22)	(24)	(11)	(2)	(28)	(38)	(31)	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Fire and Tornado Fund

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 Net Earned Required Contribution and Investment Revenues	$ 6,934	$ 7,849	$ (492)	$ 8,099	$ 4,709	$ 3,031	$ 4,103	$ 5,388	$ (2,124)	$ 2,908
2 Unallocated Expenses	847	979	819	1,344	1,340	849	768	915	800	912
3 Estimated Incurred Claims and Expense, End of Policy Year	1,249	10,588	2,363	3,386	4,663	1,162	1,501	998	1,141	3,039
4 Paid (Cumulative) as of:										
End of Policy Year	920	9,474	1,586	1,670	2,571	958	1,106	562	9,378	8,890
One Year Later	1,249	9,988	2,398	3,381	4,191	1,225	1,871	1,067	1,553	
Two Years Later	1,249	9,989	2,499	3,569	4,360	1,318	1,905	1,080		
Three Years Later	1,249	9,989	2,516	3,569	4,492	1,691	1,905			
Four Years Later	1,249	9,989	2,516	3,569	4,492	1,691				
Five Years Later	1,249	9,989	2,516	4,944	4,492					
Six Years Later	1,249	9,989	2,516	4,946						
Seven Years Later	1,249	9,989	2,516							
Eight Years Later	1,249	9,989								
Nine Years Later	1,249									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	1,249	10,588	2,363	3,386	4,663	1,162	1,501	998	1,516	3,039
One Year Later	1,249	9,974	2,554	4,323	4,502	1,550	2,009	1,146	1,725	
Two Years Later	1,249	9,974	2,503	4,873	4,528	1,549	2,012	1,122		
Three Years Later	1,249	9,974	2,520	4,865	4,520	1,711	2,012			
Four Years Later	1,249	9,974	2,520	4,864	4,520	1,711				
Five Years Later	1,249	9,974	2,520	4,944	4,516					
Six Years Later	1,249	9,974	2,520	4,946						
Seven Years Later	1,249	9,974	2,516							
Eight Years Later	1,249	9,974								
Nine Years Later	1,249									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	(614)	152	1,559	(147)	549	511	125	584	0

Schedule 17
Claims Development Information
Last Ten Fiscal Years
(Expressed In Thousands)

Bonding Fund

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
1 Net Earned Required Contribution and Investment Revenues	$ 401	$ 22	$ 157	$ 214	$ 202	$ 195	$ 140	$ 133	$ 70	$ 173
2 Unallocated Expenses	57	37	25	34	25	28	22	33	36	67
3 Estimated Incurred Claims and Expense, End of Policy Year	173	(268)	128	49	22	4	(115)	39	94	26
4 Paid (Cumulative) as of:										
End of Policy Year	(328)	(417)	(61)	(148)	(179)	(202)	(157)	(32)	(35)	(77)
One Year Later	(328)	(417)	(61)	(148)	(179)	(202)	(157)	(32)	(35)	
Two Years Later	(328)	(417)	(61)	(148)	(179)	(202)	(157)	(32)		
Three Years Later	(328)	(417)	(61)	(148)	(179)	(202)	(157)			
Four Years Later	(328)	(417)	(61)	(148)	(179)	(202)				
Five Years Later	(328)	(417)	(61)	(148)	(179)					
Six Years Later	(328)	(417)	(61)	(148)						
Seven Years Later	(328)	(417)	(61)							
Eight Years Later	(328)	(417)								
Nine Years Later	(328)									
5 Reestimated Incurred Claims and Expenses:										
End of Policy Year	173	(268)	128	49	22	4	(115)	39	94	26
One Year Later	173	(268)	128	49	22	4	(115)	39	94	
Two Years Later	173	(268)	128	49	22	4	(115)	39		
Three Years Later	173	(268)	128	49	22	4	(115)			
Four Years Later	173	(268)	128	49	22	4				
Five Years Later	173	(268)	128	49	22					
Six Years Later	173	(268)	128	49						
Seven Years Later	173	(268)	128							
Eight Years Later	173	(268)								
Nine Years Later	173									
6 Increase in Estimated Incurred Claims and Expense From End of Policy Year	0	0	0	0	0	0	0	0	0	0

Schedule 18
Agricultural Production

Value of Export Shares of Agricultural Commodities - 2014-2015

	2014 Dollars (Mil.)	2014 % of U.S.	2015 Dollars (Mil.)	2015 % of U.S.
Wheat	1,230.9	15.98	988.4	17.57
Soybeans and Products	1,433.5	3.49	1,082.1	0.46
Vegetables Fresh and Processed	203.7	2.90	213.6	3.05
Grain Products	165.1	4.47	160.4	4.34
Vegtable Oils	193.2	5.98	187.3	5.99
Feeds and Fodders	258.3	2.52	238.5	2.25
Corn	252.5	2.39	163.8	1.98
Beef, Veal and Pork	135.3	0.98	105.8	0.89
Dairy Products	10.8	0.15	8.2	0.16
Other Livestock Products	56.6	1.65	41.9	1.42
Hides and Skins	38.2	1.31	28.6	1.17
Fruits Fresh and Processed	0.00	0.00	0.00	0.00
Poultry Products	2.8	0.12	3.2	0.17
Total	$ 5,012.2	3.34%	$ 4,068.4	3.06%

1/ Includes other nonpoultry meats, animal fat, live farm animals, and other animal parts.
2/ Includes turkey meat, eggs, and other fowl products.
3/ Includes processed feeds, fodder, barley, oats, rye, and sorghum.
4/ Includes peanuts (oilstock), other oil crops, corn meal, other oilcake and meal, protein substances, bran and residues.
5/ Includes sweeteners and products, other horticulture products, planting seeds, cocoa, coffee, and other processed foods.
Data sources: USDA Economic Research Service; USDA Foreign Agricultural Service (Global Agricultural Trade System).

Totals may not add due to rounding.

2016 Crop Rank Among States

North Dakota Ranks	Crop Description	North Dakota Produces
1st	Flaxseed	92%
	Canola	87%
	Spring Wheat	53%
	Pinto Beans	52%
	Durum Wheat	52%
	Dry Edible Peas	44%
	Barley	31%
	All Dry Edible Beans	30%
	Honey Production	23%
	All Wheat	18%

Source: North Dakota Agricultural Statistics August 2016